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December 4, 1929



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WHERE IT IS TODAY AND WHY



**BY THOMAS F. MILLARD**

**CONFLICT OF POLICIES IN ASIA**

**DEMOCRACY AND THE EASTERN QUESTION**

**OUR EASTERN QUESTION**

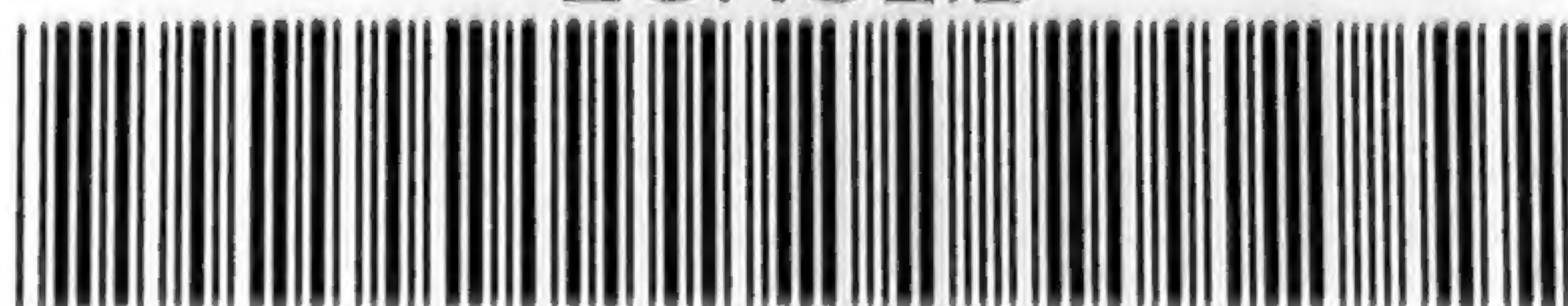
**AMERICA AND THE FAR EASTERN QUESTION**

**THE NEW FAR EAST**



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WHERE IT IS TODAY AND WHY

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BY *Franklin Fairfax*  
THOMAS F. MILLARD



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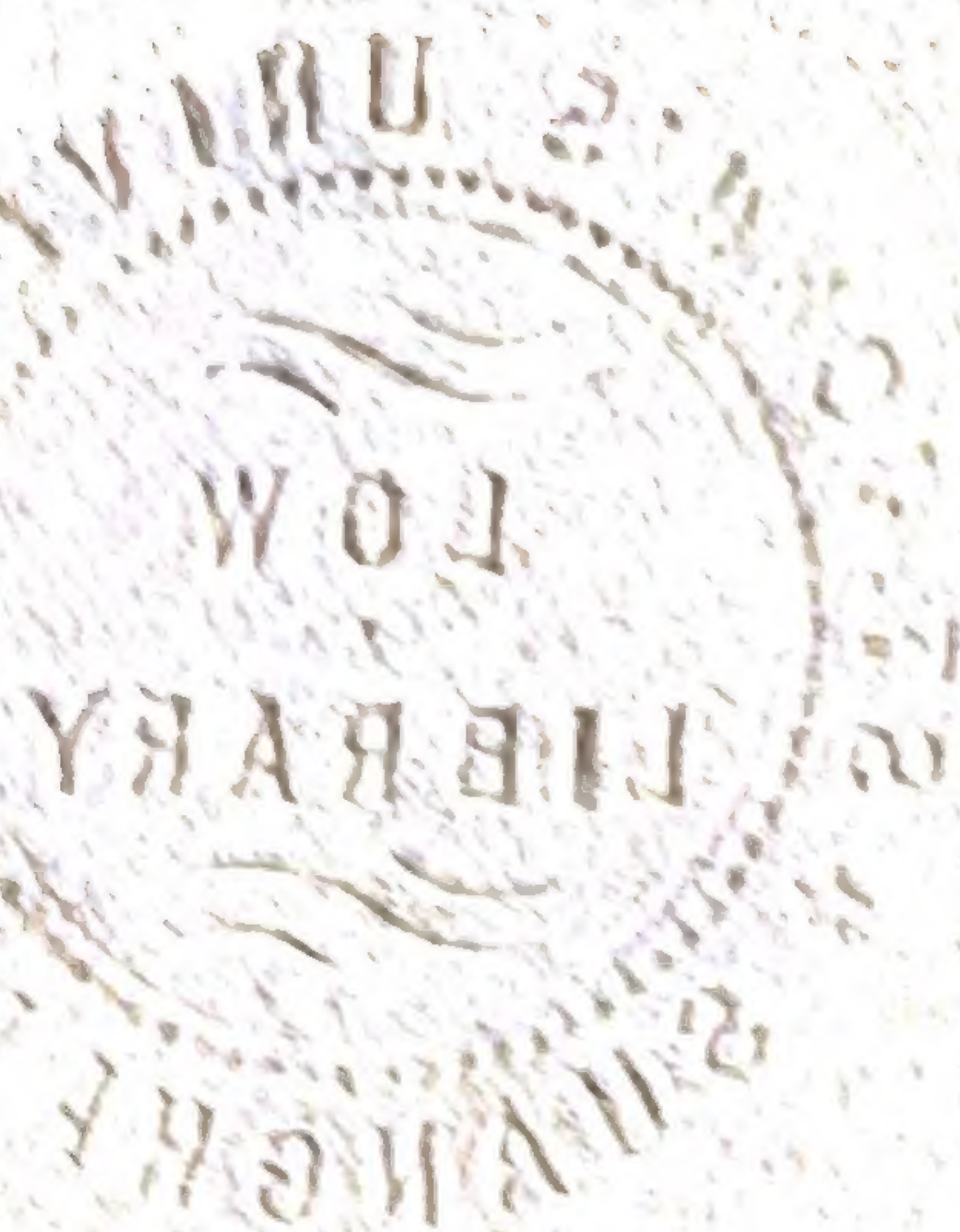
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## FOREWORD

ALTHOUGH this work is journalese, being composed principally of my correspondence from China during 1925, 1926, and 1927, as published in the *New York Times*, the *New York World*, *Asia* magazine, *The Nation*, and *The New Republic*, it aims to show the principles, motives, conditions, and underlying forces which give impulse and direction to events rather than to describe those events objectively. If this method leaves out much that is interesting and dramatic, it may present the problem better for critical examination. The time covers a strenuous and important period of China's uneasy political evolution. I am not conscious of bias for any nation except my own, or of prejudice against any nation or people whatever.

I have thought it better not to enlarge the volume by including documents and by quoting authoritative utterances and opinions to fortify and expound the subject matter. For more information and light on some points I recommend Dr. W. W. Willoughby's books, *China at the Conference* and *Foreign Rights and Interests in China*, and his work on the opium question. Those who want to delve deeper into the history and governance of Shanghai should read Mr. A. W. Kotenev's *Shanghai; Its Mixed Court and Council* and *Shanghai; Its Municipality and the Chinese*. A trenchant criticism of the faults and delinquencies of the Chinese is given in Mr. Rodney Gilbert's *What's Wrong With China?* A brochure by Putnam-Weale describing conditions along the Yiangsi River in



1927, and a compilation by the *North-China Daily News* titled *Chaos in China*, give gloomy pictures of the collapse of government. If political background is wanted, my own previous books, *Conflict of Policies in Asia* and *Democracy and the Eastern Question*, review events from 1917 to 1924.

In reporting and commenting on the state of China and the hopes, aspirations, failures, and disappointments of the Chinese, I have kept in mind an eminent Englishman who did not know how to draw an indictment of a people, and have tried to hold a balance.

THOMAS F. MILLARD.

*November, 1927.*



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# **ORIENTATION**

**PROBLEM OF CHINA**

**AMERICAN POLICY**

**JAPAN**

**GREAT BRITAIN**

**RUSSIA**

**THE CHINESE**



# ORIENTATION

## I

**A**T ALL times within the memory of living men China has been a problem. Frequently during that period the China question has seemed to be poised at a crisis, and in recent times every such crisis has two distinctive aspects. One is the country with its people as a problem of nationality, or of government. The other is China's foreign relationships.

China's problem of nationality is very old. It has had hundreds of crises. The country passed through ages of travail, of wars, of conquests and being conquered, of ravages and spoils, of incalculable devastations and human suffering, in endless repetition. For a long time the western peoples and their governments were unconcerned about China's problem. They were indifferent because they were not consciously affected by it. The fate of China now concerns all peoples and has a place in the foreign policy of every world power.

China had foreign relations and questions, mostly neighboring, before it became a world problem. An international question may be confusing but usually is comparatively simple. A world question is infinitely more complicated: there may be half a dozen major and a score of minor facets. China grew into a world problem not so much because of questions between it and other nations separately as because of issues that more and more became involved with ambitions, fears, projects, and policies of the greater powers. The situation now is so complicated that often it is hard to see distinctly whether an



issue is between China and one or more foreign governments or between two or more foreign governments themselves about something in China. Involvement of the United States with the China problem is not caused by issues directly between China and America but was brought on by irritations of other nations with China.

The emergence of China as a world problem coincides with the growth of the United States of America into a world power and with Japan's advance. This coincidence has a fundamental orientation whose primary factor is geography and whose secondary factor is population. The China situation cannot be correctly analyzed except in terms of that orientation.

Partly to keep peace among themselves and partly to sustain a balance of power in eastern Asia, western governments have striven during many years for a united policy toward China founded on the diplomatic euphemism of their "common interests" there. During a time when the euphemism was a camouflage for predatory policies working inside a ring of private agreements among governments, China's only effective defense was to try to disrupt the artificial unity, to set the diplomats at cross purposes by playing their designs and intrigues one against another, and so to prevent resolute or decisive action. When this aspect of Chinese diplomacy is criticized, it ought to be remembered that it was adopted and is carried on as a defensive measure. There is nothing especially oriental about it. Europe is familiar with that artifice.

## II

ENDURING policies of nations develop by a gradual process, although often they come suddenly into public view by the expression of a statesman or writer having the foresight and courage to utter a startling conviction. The two major convictions of the American government about



foreign policy, the Monroe and Hay Doctrines, bear the names of their reputed authors. Neither of those doctrines had any popularity abroad when it was pronounced, and not much in America. They have carried on, however, and are established in world polity. Which means that world powers have found it inexpedient to contradict them, and so far none of the powers has been able to devitalize them obliquely.

The Monroe Doctrine may seem extraneous to a discussion of affairs in China, but it is not, since American policy toward China is guided by the Hay Doctrine, and the principles and motivations of the two doctrines are almost identical, although one relates to contacts of our nation with Europe and the other to its contacts with Asia. The Monroe Doctrine warned Europe not to interfere in the politics of the Americas. It aimed to prevent the extension of Europe's hegemony to the western hemisphere. The Hay Doctrine originated in a later concept of world progress, which envisaged the next grand movement of civilization as a Pacific Ocean era. American statesmen of Monroe's time had thought it was desirable that political institutions and conditions in the western hemisphere should be worked out by the inhabitants of those countries without coercion or hindrance from abroad. It was logical that the minds of American statesmen should turn later to the idea that the forthcoming and imminent Pacific Ocean era should be worked out by inhabitants of lands bordering that ocean.

But the policies by which the two doctrines were promoted needed to be different. When James Monroe made his famous pronouncement, the hegemony of Europe was not established in America, and his doctrine implied that it would impair the security and hinder the free development of the United States and other American nations ever to have that hegemony established there. When the



Hay Doctrine was advanced, in 1899, as an effort to prevent the partition of China among European powers, the diplomatic authority of Europe in eastern Asia was established. The Monroe Doctrine is unilateral. Looking back at it and viewing it as it stands now, one sees that its unilateral character gave and continues to give the doctrine its principal strength and value. The Hay Doctrine took conditions as it found them. So it was, and still is, coöperative. That always has been and is now its principal weakness. To a great extent the Hay Doctrine is tied up with European diplomacy.

The World War almost destroyed the hegemony of Europe in eastern Asia and reduced its diplomatic influence there to a point proportionate with Europe's foothold and influence in the Americas one hundred years ago. American statesmen, however, did not take that opportunity to make the Hay Doctrine unilateral. They have tried to go by the coöperative method, thus giving Europe's diplomatic influence a new lease of life in the Far East and a chance to recover its lost position. In failing to seize at once that exceptional opportunity, the American government perhaps lacked vision, but more probably it was inhibited by the popular trend toward all forms of international coöperation. The phrase "family of nations" has an agreeable sound: but to submit American policy in China to decisions of that family is to consult not only the elders but also the distant relatives and flock of children.

There are five elders in the Pacific Ocean family of nations. Those are, in the order of their present consequence, the United States, Japan, Great Britain, China, Russia. Great Britain's membership is not derived from the British Isles but comes from the geographical situation of Canada and Australasia and their probable development hereafter. If those great dominions should



sever political connections with the motherland, England's authority within the Pacific family of nations would end. In less than a century the population of the United States and its dependencies probably will be near three hundred million, that of Canada and Australasia one hundred million, Japan eighty million, China five hundred million or more, and Russia two to three hundred million. That will be more than half the population of the earth. It is with those peoples that the outcome of the Pacific Ocean era ultimately lies. The thought underlying the Hay Doctrine is that in working out their destiny they should not be coerced by western Europe.

When the Hay Doctrine was pronounced it had to deal with two closely related but distinct conditions. One was the infringements of China's sovereignty by terms of existing treaties and private agreements and the consequent tendency toward dismemberment. Trade was the other item. John Hay included both conditions in stating the objects of his action as to "preserve the territorial integrity and political autonomy of the Chinese Empire," and to respect the principle of "equal opportunity for the commerce and industry of all nations in China." That conjunction has caused some confusion as to the meaning and purpose of Hay's note to the powers, which time and worth have given the dignity of a doctrine having a recognized status. His secondary proposition became commonly termed the "open door" in China, which has led many writers and speakers to use Open Door as synonymous with Hay Doctrine. The terms are not synonymous. Hay did not originate the "open door" in regard to China. Establishment of that principle is attributed to Commodore Lawrence Kearny of the United States Navy, who in 1842 insisted that whatever commercial and other rights and privileges were granted to Great Britain following the Opium War should be extended also to Americans. Later



Lord Charles Beresford advocated the "open door" in China and toured America in its behalf. The "open door" principle now is of universal application. The Hay Doctrine applies only to China. The development of "spheres of interest," as delimited by private agreements among governments, and which portended a partition of China on those lines, caused Hay to mention commerce and industry in his famous note. China's sovereignty might be extinguished, her territory divided among foreign powers, and the "open door" within that region still could be maintained by agreement. Hay's thought was to preserve the territorial integrity and political autonomy of China. If that is done the "open door" there depends on arrangements made with an unhampered China, and the United States is willing to take its chances in those circumstances.

Having, then, the object of fending off further infringements of China's sovereign powers, it is a logical presumption that Hay aimed at loosening and eventually breaking the bonds on China that existed. Those bonds are embodied in treaties. Therefore abrogation or revision of the old China treaties is a *sine qua non* of the Hay Doctrine.

### III

LIKE AMERICA, Japan found her own strength only to see that European diplomacy was in virtual control of eastern Asia and in a fair way to decide the fate of China. Prior to the World War Japan's foreign policy was predicated on that position. After she developed military power, Japan traded into that hegemony by getting an alliance with Great Britain and thenceforth was able to make her influence felt. The loss, at Washington in 1921, of that leverage was a shock to Japanese statesmen, but they soon began to see in the new situation some possible compensations. The position was simplified by the practical elimination of a number of powers in Europe as real



factors. Adventitious elements in Asiatic affairs slipped into the background.

The big question that confronts Japanese statesmen now is whether it is to Japan's advantage or disadvantage to have Europe's hegemony restored in eastern Asia or even to have Europe's diplomatic influence revived there. On that question Japan might turn the scale at this juncture. A revival of the alliance with Great Britain would tend to restore the former balance of power. In any case, it seems sure that Europe will not regain its former influence in the Far East if Japan opposes that outcome. And there are plain intimations that Japanese statecraft is coming to realize that sound polity in the Far East hereafter should rest on something indigenous and more stable than a balance of power in Europe. For the time, Russia can be regarded apart from western Europe, which was estranged by the revolution, and the change tends more powerfully than ever to draw Russia toward the East. The revolution makes Russia primarily an Asiatic power and secondarily a European power, reversing the former position. I believe it is understood at Tokyo that Japan's foreign policy must be adjusted to the new Pacific Ocean orientation.

To Japan the important event of the World War was the emergence of the United States as a military power of the first rank. Japanese policy was adjustable without much straining to changes in the balance of power in Europe. But this new aspect of America was portentous. How it could affect Japan was soon demonstrated at the Washington conference. Japanese sat in the European diplomatic game at Paris in 1919 (where they got substantially what they wanted only to lose it later at Washington); they took their place in the League of Nations in permanent membership of the Council; they joined the World Court; they were deeply interested observers at



Lausanne, where the remnant of extrterritoriality in Europe went on the scrap-heap. They were omnipresent in the rôle of interpreters and protectors of rights of Asiatics in contrast with the West. But their chief pre-occupation all that while was the policy of the United States.

Japanese saw, I believe, sooner than American statesmen did, that, in relation to the Pacific Ocean era, an American policy merged with European statecraft was one thing and an American unilateral policy in Europe, in the western hemisphere, and in the Far East was quite another. It is likely that Japanese statesmen were more concerned whether the United States joined the League than people in America were then, because at Tokyo the political effects of that association were seen pragmatically. With America in the League, questions of the Monroe and Hay Doctrines might be entangled with issues of European politics and perhaps turned by diplomatic trading of Japan with European governments. America's taking a unilateral course would mean having to deal about those questions with an unhampered Washington and a policy actuated entirely by an American point of view. When America rejected the Versailles Treaty and turned away from the League, the significance of those acts in relation to Asia was understood at Tokyo. That outcome practically demolished the system of checks and balances of which Japan's foreign policy was composed then and on which its immediate motivations rested. It required reconsideration of all elements of the problem.

Then followed a time of uncertainty, when, because of transitory expediences, Japanese diplomacy got into positions that are sure to complicate Japan's broad policy later. While waiting to see what course in respect to Europe and the League the United States would take, Japanese statesmen thought it a good pose to propound



the "rights of Asiatics" and on occasion, particularly at Geneva, to demand equal position and treatment in world polity for Asiatic peoples. In principle the Japanese government is on record (and by its pan-Asian propaganda it has disseminated the doctrine throughout Asia) as protesting at "inequalities" and discriminations in relations of Asiatic peoples with western powers and at the continuance of a predatory and dominating policy of western nations in Asia. Japan logically must side with China on issues like extrterritoriality and tariff autonomy.

The bearing of those arguments and the pan-Asian doctrine propagated by the Japanese on China's new nationalism and on the aspirations of other Asiatic peoples is evident. It is plain that, if Japan hereafter should revert to her previous policy of hooking up with European governments in order to offset American and Russian influence in the Far East and to hold the existing status quo in China, that course will embarrass her relations with all other Asiatic peoples and will stultify the major thesis of her pan-Asian doctrine. Her choice seems to lie between an alliance or combination with Westerners to repress Asiatics or with Asiatics to liberate Asia from western domination. That is how Chinese and Indian nationalists envisage the situation. On the other hand, by lining up with the traditional policy of the United States toward China (provided that policy is continued) Japan may find herself on firmer ground. One understands of course that in the past Japan's pan-Asian doctrine was partly humbug and usually was injected into international affairs to serve an immediate convenience of Japanese diplomacy. But intimations can be observed that a doctrine which was advanced primarily as a pretext begins now to impress Japanese statesmen as having merit.

At this time Japanese statesmen must consider whether it is feasible, by Japan's combining with powers in western



Europe, to circumscribe the influence of America in the Pacific and to restrain permanently the steady eastward movement of Russia. That is for the Japanese to ponder. They realize, I think, that Japan singly cannot secure for herself the hegemony of eastern Asia. In this cogitation resides whatever logic and strength there are in the effort to revive the Anglo-Japanese alliance.

Furthermore, Japan is engrossed now with internal readjustments. For the moment the Japanese are not adventurous in world politics.

#### IV

AS DEFINED in general terms by British statesmen authorized to speak for the government, British policy in China now (1927) is nearer to realities than that of any other important power. A difficulty is that in trying to promote a liberal and forward-looking policy, the British government is inhibited by its traditions in Asia, its relation to India, and its acquired position and interests in China, and is obstructed by the attitude of its nationals in China. The conflict of those elements is so evident that the Chinese political intelligentsia with some reason may suspect British policy through and through and believe that its liberal posture is a camouflage for oblique designs.

I have not the least doubt that orientalists in the British government gave up the alliance with Japan reluctantly and with misgivings. The alliance was sacrificed on the altar of British-American concord after it became certain that to continue it would seriously alarm and affront the American government and probably would set the United States and Great Britain on divergent courses in the Pacific and the Far East. If the alliance had continued, the building of the large American fleet then under construction would probably have gone on; so Britain's



action was not sentimental. Having given up the alliance, the British government thenceforth came around sincerely, I believe, to the Hay thesis, and since the signing of the Washington Agreements it has based its China policy on them.

To accept a thesis is one thing, and to readjust conditions to it is another thing. British vested and commercial interests in China prefer the old system. They were established under it and were built up under it. They have feared the readjustments required to implement the Washington Agreements, which meant a gradual but complete and sweeping revision of the status of foreigners in China. They were sceptical of the ability of Chinese to organize and conduct a respectable government. They have not concealed their feelings. They have obstructed moves to implement the Washington Agreements. Their press in China gives publicity to that side of the argument in a way to irritate and offend the Chinese. It is not an exaggeration to say that since the Washington conference the attitude of the British in China toward Chinese nationalist aspirations is provocative. Perhaps it is not meant to be provocative, but it is so. Chinese political intelligentsia who threw themselves heart and soul into the nationalist movement, having for one of its principal slogans the recovery of China's alienated sovereign rights, feel, so they think, an underlying aversion and contempt of them running through British opposition to their aims. That has hardened the Chinese nationalists against Great Britain. They have come to regard Great Britain, or if not exactly that government, then its nationals living in China and entrenched there behind the old treaties, as their principal opponent.

Reactions from that juxtaposition were inevitable. Incident followed incident: the event of May 30, 1925, at Shanghai; the cross-firing at Shameen Island, Canton, in



June of that year; the fight at Wanh sien on the upper Yiangsi River, in 1926, between British naval forces and Chinese troops; events at Hankow and Kiukiang whereby Chinese got control of British concessions there; one thing after another. There is always the Hongkong question.

Other foreign nations and nationals were involved with those events, but, in Chinese eyes, incidentally. There is a particular and intensified anti-British psychosis among Chinese, superimposed on the general anti-foreignism that is developing. It will never be possible to calculate how much of the general anti-foreignism derives from the position of the British in China and their attitude toward the Chinese national movement, or whether anti-foreignism would have taken its later form without those aggravations.

## V

I HAVE previously indicated that of the former hegemony of Europe in eastern Asia only the influence of Russia and Great Britain survives. And those powers seem engaged in a struggle to overcome each other. One has only to follow the press in Asia to see plainly that the British interpret almost all things political, even ideas and movements indigenous to China, in terms of "Bolshevik" influence. "Red" intrigue and machinations have nearly supplanted "American altruism" as a scapegoat to blame for the decline of foreign prestige in China and for the lapse of that nation into confusion. A few years ago, when the Chinese "got their backs up" at foreigners, the stock implication and argument was that the sentimentality of American policy was responsible. Now it is habitually assumed and asserted by the British, and by others, that Russian influence is the chief cause of those manifestations.

Russian influence has been a disturbing factor in China for some time. But, although that is plain, it is not so



plain what Russian policy is and what its objectives are. Its superficial aspects indicate a purpose to implant in China the seeds of revolt against the older order of civilization, against what the Bolsheviks call capitalistic nations and governments. To accomplish that requires, so Soviet agents and propagandists in China think, bringing that country temporarily into a state of anarchy. One can assume that purpose on the evidence to date.

The deeper objectives of Soviet Russia's diplomacy in the Far East appear to be not essentially different from those of Imperial Russia. They include the inevitable pressure toward the Pacific Ocean and an open sea, the peopling and development of the vast Siberian lands, the holding of those lands against an Asiatic impact until they are brought firmly within Russia's grip, and meantime the prevention of any other power or powers from obtaining the hegemony of China. It is logical that Soviet Russia would be averse to having the diplomatic authority of western Europe restored in China, and every action of Russian diplomats and agents there shows that motive. In a very important matter, therefore, Russian policy is in sympathy with the state of mind of the Japanese and American governments. The coincidence will hardly escape the consideration of British statesmen. Sympathy between Russian and other foreign concepts regarding China ends there.

As means to ultimate ends, Russia thinks it advantageous to incite the Chinese against some other nations and peoples, to arouse their anti-western feelings, and to create a political psychology among Chinese more sympathetic to Russia than to Europe or America. To a point the Soviet agents and propagandists in China were helped powerfully by acts and policies of other powers and by the tone of much of the foreign press there, and they are still aided by those influences. There is enough for the



Chinese to object to and complain of about relations of China with western powers and with Japan to give material for arguments that suit the Bolsheviks admirably.

Several times in late years the Russian influence in China has seemed eclipsed, but it has always revived. What helps it to return after temporary backsets is the persistence of western governments in misunderstanding the sources and objectives of Chinese nationalism.

## VI

IN SOME quarters there is disposition to minimize Chinese opinion about international issues affecting the fate of their country, but Chinese thought and action about these matters will be the decisive factor ultimately.

It is not easy for a foreigner to penetrate Chinese thought. Whatever ideas the Chinese mass have about political affairs are first formulated by the Chinese political intelligentsia. A foreigner may discover what the Chinese mass are thinking (maybe by their having the foreigner's house looted and burned), but it is next to impossible for a foreigner to learn from them why they think as they do. The origin of their ideas can be traced only through utterances of educated Chinese. Therefore it is pertinent to follow the late course of Chinese political reasoning.

It begins with a deep distrust of the real motives of some foreign powers, especially Great Britain and Japan. Since the Washington conference, the Chinese intelligentsia do not attach much importance to the China policy of any power in western Europe except Great Britain. The premises of Chinese distrust of Britain are: The British have gained more under the old treaties than any other nation and have more to lose if change of the status works adversely to foreigners; they foresee, if China becomes strong, that Chinese will demand the recession of



Hongkong; they believe that a strong and independent China will undermine Britain's position in India; the British have reverted to their former antagonism to Russia and scent danger to Britain's whole position in Asia from a Sino-Russian combination; they expect a collision with Russia and consider China the easiest way to reach Russia; by using China as a military roadway to Russia the British expect to bring Japan and possibly America into the war on Britain's side; in those conditions China may be either driven into war against Russia or forced to align with Russia, and probably it would become a subordinate nation thereafter.

Notwithstanding that since the Washington conference and the loss of the alliance with Great Britain the Japanese government has taken what is intended to be a conciliatory attitude toward China, the fears and suspicions engendered by Japan's policy during the World War and by the notorious Twenty-one Demands on China linger with the Chinese. Moreover, Japan's position in Manchuria keeps distrust of her policy alive. At times Japanese actions have a flavor of the former aggressive imperialism.

For a long time and until lately the Chinese intelligentsia have regarded the policy of the United States toward their nation as having a benevolent motive and a genuinely friendly character, but as being actuated by spasmodic interest and hampered by sensitiveness to Europe's view of the Asiatic question. The Washington conference demonstrated the power of the United States when it wants to act concerning Pacific Ocean affairs, but that action, which got a new charter of China's rights written into international law, was followed by a lapse into the customary attitude of benevolent onlooker. Moves of American diplomacy in China in the years 1926 and 1927 caused the Chinese to wonder whether the heretofore



accepted meaning of the Hay Doctrine is correct, and if the American government is less concerned now about breaking the bonds on China's sovereignty than it is to retain for Americans in China the privileges that accrue to them, as a kind of unearned increment, under the old treaties.

No matter how they divide in domestic politics and the struggles of the military chieftains for power, Chinese intelligentsia are practically unanimous in holding the ideas previously outlined and in wanting China's foreign relationships completely changed. And they have communicated that generalization to the Chinese mass.

## VII

IN A MILITARY sense the present and potential ranking of powers in the Pacific is: America first, Japan second, Great Britain third, Russia fourth, China fifth. This rating is likely to stand indefinitely.



# FLUX

ORIGINS

MILITARISM AND MONEY

WHAT GOVERNMENT HAS CHINA?

KUOMINTANG

DEBTS

RAILWAYS

TAXES

TRADE

INDUSTRY



# FLUX

## I

**O**RIGINS and causes of the political and economic confusion—it is not exaggerating to call it chaos—that exists in China are the subject of much discussion and great differences of opinion. Effects of the confusion are not hard to discern; that is, immediate effects. Eventual outcomes are another matter. And remedies are something else.

Results of China's disorder can be, and usually are, divided roughly as to effects on foreigners and foreign interests, and effects on the Chinese. Foreigners in China regard the situation almost exclusively as it affects them. The Chinese naturally think differently about those conditions. There are similarities and coincidences and even joint interest in the two positions. But notwithstanding effort to make it appear that the true benefit of one class is also the true interest of the other, the viewpoints remain distinct and develop on antagonistic lines.

As is usual when things go wrong, effects of confusion in China are stated more often in terms of detriment and damage than otherwise. The damage done by what is taking place is more apparent and looms larger in the general state of mind than any underlying constructive elements and forces. Indeed, an important section of public expression on this question, especially among foreigners in China, declares that the China revolution, or evolution, is composed wholly of destructive elements. By those critics the Chinese political scene is sketched in somber colors.



Stated in terms of damages and detriments, it is obvious that the Chinese suffer in these circumstances vastly more than foreigners. Compared to what Chinese endure by their country's misgovernment, the losses of and injuries to foreigners are insignificant. That perhaps may not affect the moral equation, but it has a bearing on the equities of the case. Compared with Chinese, foreigners in China have far more security of life and property. Damages to foreign property and business, and occasional physical injury and loss of life among foreigners, are trivial in comparison with what constantly happens to natives of that land.

## II

WHAT IS termed "militarism" in China is generally regarded as a curse to the country and as the greatest obstacle in the way of organizing a real national government. That opinion is widespread among foreign observers, and in late years the word "militarist" has carried a stigma with the Chinese. Yet whether the special kind of militarism that sprang up in China after the overthrow of the monarchy is good or bad for the country depends on the point of view and how much of the future it takes in.

Evidently militarism is a principal cause of the gradual emasculation of the Peking government and the superficial national disruption that resulted. If one assumes that the disruptive process is permanent and will ultimately split the nation into a number of separate and semi-hostile governments, then militarism will cause the break-up of China. But if it happens that the disruptive process is only a phase in a cycle whereby a stronger and united nation will take form, then militarism may prove a blessing to China.

Militarism has almost destroyed the remnant of government that survived the first stages of the revolution. It helped to bankrupt the Peking government and stripped it



of everything except a semblance of authority founded on "recognition" of the foreign powers. It has bled the country financially for the cost of its maintenance and by internal wars due to selfish ambitions of so-called marshals and generals. It set a military oligarchy above civil authority in the greater part of the country. It revived opium cultivation and traffic to obtain revenue. For the same reason it interfered with treaty provisions and complicated foreign relations of the nation.

But militarism has done other things. It created in China military organizations of a sort whose armed forces total about 1,500,000 troops. It has trained in some degree a large number of Chinese in the theory and practice of modern war. It brought into China and created facilities to produce there quantities of modern military equipment and supplies. It created, for the first time since foreign penetration of China began, a military force and (what is more important) a military spirit that has to be reckoned with in treating that country's international questions. Militarism has helped to throw into the discard a good deal of old China that foreign powers were wont to bully and intimidate and tell what to do and what not to do. It created for a time a situation whereby it was a nucleus for a new national striving.

There is a tinge of hypocrisy, which may be partly unconscious, in foreign comment about militarism in China. Foreigners in China argue that the militarists hold back treaty revision by keeping the country in disorder, which is true. But a majority of foreigners living in China and having investments or interests there are opposed to treaty revision now. They believe that changes in the status should be resisted to the utmost and should always be conditional on sanctions. It is evident that whatever delays treaty revision tends to hold the status quo. In that way militarism is an aid to foreign standpattism.



One cannot avoid the impression that much that is published about Chinese militarism by the foreign press in China is designed more for effect abroad than for effect in China. The growth of Chinese military spirit and development of military preparedness and efficiency, if it goes forward at the rate it has been moving in recent years, will logically operate to abolish the special privileges of foreigners there. If militarism attains a certain power and can act in response to a nation-wide impulse, it will no longer be a question of foreign governments' granting or allowing revision of treaties and complete restoration of China's sovereignty. Chinese will accomplish that by unilateral action, perhaps by ultimatum. So there is inconsistency in some foreign insistence that the big Chinese militarists ought to compose their differences and sink their personal ambitions for the good of the nation. When they do that, the thin crust on which foreign privileges rest will probably give way. Here, then, we find one of the numerous paradoxes of foreign policy and attitude in China. Foreign standpattism wants to hold its position as long as possible, and the internal Chinese wars hold back treaty revision. On the other hand, those wars interrupt commerce, and the strongholds of foreign standpattism are first to feel injuries to trade.

If one supposes a foreign government whose real policy is opposed to a political renaissance of China, and which wants to retain practically intact the existing foreign hold on territory and administrative functions of that nation, then continuation of Chinese militarism in its present form contributes to those objects by weakening the nation and tearing it asunder. Such a foreign government might intrigue to foment dissension and wars among rival generals. But if militarism becomes consolidated behind a national patriotic movement, it may be turned



against a foreign government that pursues a Machiavelian course, and against all foreign governments that refuse to revise the treaties. One often hears foreigners in China, when that possibility and its bearing on issues of the moment are mentioned, declare that it never will be possible for Chinese militarists to act together. "They think of nothing except themselves and are too busy lining their pockets," it is said. But it seems that as a way to affluence, militarism in China is not what it was a few years ago. Few of the militarists who retain power possess large means, and as time passes it is harder to squeeze money from a population already stripped. To keep itself alive, militarism probably will have to find new reasons for existence. This requires the principal militarists to line up with the new nationalist slogans. I doubt if foreign arguments about these matters have much effect on the program of the Chinese nationalists. To be praised by the foreign press in China is a handicap and an embarrassment to a Chinese politician or militarist. The trend of thought among younger nationalists is to regard militarism more as a means of saving the nation and of restoring its dignity than as a cancer at the nation's vitals. This is true even of those who advocate subordination of the military to civil authority.

### III

THE RELATION of militarism in China to the group of issues included in treaty revision has been indicated. Its relation to the particular question of national revenues and finance is interesting.

But it ought to be made plain that what is termed militarism there has different characteristics from what is meant by that term in western countries. In America and Europe, militarism is understood as inhering in acts and policies of governments. We speak of militaristic nations



(meaning governments), and in that connection we consider a people militaristic only as they appear to become nationally imbued with that spirit by reflex from a military oligarchy. When governments in conference try to reduce and limit armaments, they may do that because of pressure of public opinion on them; but it is assumed, and usually it is a fact, that governments undertake what they want to do. Whether a western nation is adjudged militaristic depends on acts and policy of its government.

The existing militarism of China is not derived from what passes as the national government of that country. It was not created by the government, and it is not supported by the government. Yet the modern militarism of China did have its beginnings with the central government. Primarily it was a reaction from the military imperialism of Europe, and it was communicated to China by way of Japan. The government of Japan, having studied the political and diplomatic and military methods of Europe, quietly began to get organized on that basis, and having unostentatiously gained a degree of military and naval preparedness, it astonished the world by defeating huge China easily in the war of 1894-95. Thereafter militarism in modern form hit China with full force. The principal powers of Europe, seeing how weak in a military way China actually was, commenced a steady imperialistic pressure on her which continued almost without relaxation until a few years ago.

To say that China for a long time was nonmilitaristic is not to mean that the Chinese ever were unmilitary. The contrary is true. The history of China is a long record of wars, some of them of stupendous sweep and extended duration. Since time immemorial the Chinese have fought among themselves, and with the contiguous Asiatic tribes and nations for their national existence and expansion,



just as biologically they have moved on the principle of survival of the fittest. That the Chinese were not always what we term a pacific people is worth remembering now. When the militarism of Europe was transplanted there something was started, as also in Japan.

After the disaster of the China-Japan war, the Peking government ordered Li Hung Chang to reorganize the Chinese army on modern lines, and a beginning was made. Li Hung Chang put a good deal of confidence in a young mandarin protégé of his who was coming to the front then, Yuan Shih K'ai. The real start at creating a modern army in China was made by Yuan when he was governor of Shantung province and was continued later when he was viceroy of Chihli province. Yuan took a leaf from Japan's book and employed foreign military instructors. In a few years he had one good division of troops.

So modern militarism in China was born. Its political genesis was the aggressive imperialism of Europe, to which afterward was coupled the aggressive imperialism of Japan. Its original nature was almost entirely defensive, and it grew from necessity. But an efficient military force cannot be created quickly, especially by a nation in such a decaying state as China was then. Progress was slow, and meantime the Chinese government had no effective means to stave off foreign imperialistic pressure except by playing the powers against each other. One often hears Chinese diplomacy described as slippery. It had to be slippery.

If the World War had not come when it did and as it did, it is possible that this modern militarism in China would not have progressed so rapidly. Yuan Shih K'ai (at times I talked with him on this subject) wanted at first to create only an army of moderate size which, with the machinations of diplomacy, and helped by mutual jealousies of the powers, would be sufficient to protect



China until she got clear of the period of encroachment. Yuan died in 1916, and by then the World War had come along to set in motion new forces everywhere, and especially in relation to China. Except Japan and the United States, the powers had their hands full in Europe. After the death of Yuan Shih K'ai, the decline of the Peking government proceeded swiftly.

A political vacuum cannot exist for long, and when authority passed away from the Peking government it had to go somewhere. In China it went to the upper provincial officials who, as years passed, took a new set of titles. That process grew the crop of tuchuns, tupans, field marshals, and what not, so much heard of in these times. As originally used, the word "tuchun" was distinctly a military term, and "tupan" meant an officer who exercised civil authority; but in late years the terms are used indiscriminately. For some time it has been the habit of important tuchuns to assume the rank of field marshal; for a while there was a formality of conferring rank by the Peking government, but later some militarists assumed that title without reference to Peking.

A way to make what happened plain to Americans is to compare the Peking government to our Federal government at Washington and the provinces to the States. If the States should throw off all except nominal authority of the Federal government and the nation should revert to an extreme State-rights status, the process would be tantamount to what occurred in China in the last decade. The parallel is not exact, but the analogy is good in its broad bearings. For tupan read governor of a State, for tuchun read commander of the military forces of a State, for field marshal read a military leader who outranks a tuchun and who may control the troops of a number of States, and imagine that the Federal government of the United States had no army and navy of consequence ex-



cept as troops and ships might be provided to it by commanders of State forces.

The wars among militarists in China arise at times from political concepts. But at bottom most of them are caused by personal ambitions and have a mercenary motive.

Continue the comparison with America. The revenues of the American Federal government are not created at Washington: they have their sources throughout the nation and even in foreign lands. As long as those sources are not dammed and there is no interruption of transfer of revenues to the treasury, Washington will be the place where the government's funds are accumulated and disbursed. But if the sources are dammed and the revenues do not get to Washington, the treasury will soon be empty. What happens in China is that the principal revenues are held at or near their sources and do not get to Peking. The tuchuns and field marshals and tupans and their understrappers find that it is easier, nowadays, to hold back the funds collected in their territories, and to create new sources of revenue in the regions they control, than to forward funds to Peking and trust to good fortune and political expediency to get some of the money back.

And there an anomaly exists. In recent years the Peking government would have been practically destitute of funds except for the fact that because of foreign administration of certain revenues there are from time to time surpluses that get to Peking. For that reason an interest existed among officials of the Peking government in carrying on foreign administration of the maritime customs and salt gabelles, and until very lately some foreigners in China and some foreign governments clung to the notion that that set of circumstances make it feasible to apply a plan of foreign financing and carry it through under the old system. Events continue to undermine that hypothesis.

Chinese internal wars start, usually, whenever an im-



portant tuchun or marshal thinks he sees a chance to extend the territory under his control by taking a province or part of a province from a rival militarist, or even from a prominent militarist with whom there has existed what is euphemistically termed an alliance. Every time there is a war it threatens to upset the balance of power among the tuchuns; so every war starts a vast amount of scheming and intriguing and brings bribery and treachery into play. When some kind of decision is reached or there is a military stalemate, a new set of deals are made inside the tuchunate, and things quiet down for a while.

In that situation an attempt to interfere with provincial revenues and to pass along to a national government at Peking or anywhere else funds which are controlled by the militarists, will encounter their opposition; and while the tuchuns may be antagonistic in personal and domestic politics, they probably will always unite on this question. If they do, it is impossible for a nominal government at Peking to proceed in the face of their opposition and to conclude an arrangement with foreign financiers. In the background of any international treatment of tariffs and other sources of revenue in China stands the thing called militarism. It is evident that tuchunism does not want, now, to have a real national government created, and while that condition exists, any efforts of foreign powers and foreign financiers to build up such a government at Peking or elsewhere conflicts with the ideas, the selfish interests, and the ambitions of the tuchunate. A tuchun in central, western, or south China is apt to reason that if a way is provided to give the Peking government a large and dependable revenue, it will not do him, the tuchun, any good. On the contrary, the money would go to one of the northern tuchuns, his rivals and opponents. As the situation looks to tuchuns away from the "metropolitan" district, as the region adjacent to the old capital is termed,



the net result of reviving and stabilizing the Peking government's finances will be merely to strengthen the northern tuchuns and enable them, perhaps, to extend their power over south China. National unification is a crying need for China, and in theory every Chinese militarist advocates it. But under the surface each big tuchun believes in a united China only if he is to head the government; and unless he can dominate a central government, a militarist prefers to hold what he has. A tuchun knows about what he can squeeze out of territory he controls, and he has no way of knowing how he will fare in a financial way under a real national government. An example of how revenue presumably for the Peking government may be distributed was given in 1925, when by a settlement of the "gold franc" case a few million dollars surplus of the maritime customs was released. It transpired (if the almost unanimous reports of the Chinese press can be credited) that the money was divided between Chang Tso-lin and Feng Yu-hsiang.

Relation of the foregoing situation to attempts by international action to revise and regulate the likin and other purely internal taxes of China, or to abolish them and concentrate the tax system of the nation in a few indirect forms under foreign supervision, is plain, as is also the difficulty of enforcing treaties and agreements to that effect which may be signed by a powerless government at Peking. Fundamentally the Chinese militarists are for tariff autonomy, for under tariff autonomy the rulers of the country can fix the import and domestic taxes about as they please and can spend the revenues as they want to. Tuchunism is not much interested in tariff revision under terms of the Washington Agreements. On the other hand, there is a possibility that foreign financial help in China in this stage of the revolution will be diverted from



productive and constructive uses to the exclusive financing of militarism.

## IV

IT IS COMMONPLACE nowadays to say that China has no government. Yet, as visitors to that country can see about them everywhere, the people go along day by day living and acting according to conditions which, in their relation to the average person, so closely resemble government that it is hard to say where government stops and habit begins. Laws, or customs, are in force in so far as the average person is concerned. Police go about their duties, malefactors and misdemeanants are apprehended, courts function, taxes are paid, and among the people generally business and work go on as usual. It is evident that authority abides somewhere.

But in the accepted national and international meanings there is no government in China. Wherever and however it is felt, such authority as remains has not for some time resided in what, for want of a better description, is called the Peking government. Overturns in governments are so frequent that news of those events may attract only passing interest. But in most countries a downfall of one government or ministry is quickly followed by the organization of a new government or ministry to carry on. When, as often happens, a dictatorship takes over authority in the name of government, anyhow there is something which can be recognized as able to have its orders obeyed for a while. The world has become accustomed to dictators since the World War.

If one could say that China is under a dictatorship, in a sense that would be equivalent to saying that that country has a government. For years many people have been hoping for a dictatorship in China, and they think that is the only way to stabilize the nation. Unfortunately (from that point of view) a dictator does not materialize.



That is speaking nationally. Sectional and local military dictatorships constitute what there is of government. I am not sure whether the Chinese are better or worse off, living in these conditions, than they were in former periods. They do not seem especially unhappy or, with some exceptions, much worried about the future of their nation. The kind of government people get under sectional and local dictatorships depends on the character and ability of dictators of the moment. Some are good officials as such go in China, others are fairly good, some are bad. That was true also of the mandarins.

Much of the worrying about the present state and the future of China is done by foreigners. Much of the worrying about injuries and sufferings of the Chinese in these unsettled times is done by foreigners. Much of the international concern about the state of that nation is voiced by foreigners—by foreign officers and diplomats, by foreign writers, by foreign trade bodies, by foreign uplifters. (It would be levity not to point out, also, that a goodly proportion of foreign worrying about China is really concern about foreign position and interests and comforts as those are affected by conditions and tendencies.) I will quote some of my newspaper correspondence written in July, 1926:

“Take for example some recent moves concerning the so-called Peking government. Persons who are involved may have shifted before this article can be printed, but the situation will remain for a while. By a turn of events Wu Pei-fu again obtained command of enough soldiers to control a section of middle China, and, with that as a trading point, he made a deal with Chang Tso-lin to co-operate for the purpose of expelling Feng Yu-hsiang from Peking. Wu and Chang were formerly enemies, and Wu and Feng were formerly allies. That means little among Chinese militarists. The Wu-Chang alliance served well



enough to eject Feng's troops from Peking and to make them retire outside the Great Wall. That happened three months ago.

"Then followed protracted 'negotiations' between the new allies, Wu and Chang, conducted entirely through intermediaries because, apparently, both of those marshals were averse to taking the chance of assassination that would attend a personal meeting. Those negotiations, so far as expert observers can see, were about nothing except how, as between Wu and Chang, the power and emoluments that go with, or may be derived from, control of the 'government' at Peking will be divided. Press reports of the negotiations indicate that they are about constitutional questions and the restoration of a national government; which is pure humbug. What actually interested Wu and Chang was the prospect that additional revenue may be obtained by tariff revision, and the political maneuvering was about how that revenue, if it materializes, will be 'split' between them. Except that a nominal government, and its 'recognition' by the powers, is thought essential to making a tariff increase effective and thereby increasing the surplus released to the government after service of foreign loans and other debts is cared for, Wu and Chang probably would not care a rap if the Peking government vanished. On the other hand it is likely that the foreign governments are getting to feel little interest whether this fiction of government at Peking lives or dies except that in treaties which the powers have with it are embodied the method and organizations whereby China's foreign debts are served.

"Not that provisions of those treaties and those organized services are any longer much security to China's foreign creditors; nor is it sure that prolongation of the status quo is possible in any case. With greater boldness and frequency sectional dictators are holding customs and



other hypothecated revenues for their own uses. And foreign creditors of China whose principal and interest are secured by those revenues need not be specially concerned about how the surplus is spent or by whom. As long as sectional dictators allow the China maritime customs gabelle to function, and refrain from grabbing any part of the revenues except the surplus, no international equities are violated. A feeling is growing among foreign officials in China that, as conditions are now, it is better to abandon the method of recognizing and dealing with Peking, and to carry on relations with the important sectional dictators. That idea contains practical sense, for as long as customs and salt surpluses are paid to Peking, all the sectional dictators who do not get their share are anxious to break up the system, while if each sectional dictator got a fair share of the surpluses he would then become personally interested in allowing the foreign administrations to function, and their service of foreign debts might go on for some time. In fact, diplomatic contact to a large degree is maintained with regional dictators.

“Witness the Hongkong-Canton situation. For more than one year the international treaties affecting relations of China with that British colony have been waste paper. At first the colony tried to get the home government to use strong-arm methods to intimidate Canton. Downing Street shied from that. The colony then turned to private negotiations with the ‘independent’ government of Canton. Those negotiations have been resumed lately under somewhat extraordinary circumstances. A new ‘minister for foreign affairs’ at Canton has undertaken to reopen discussions with Hongkong. But before doing that he asked some pertinent questions of the colony’s government and wanted to know if delegates appointed by Hongkong were acting for the colony only, or if their authority is



derived from the British Imperial government and if their acts will be accepted by it. The colony's government replied, cryptically, that their commissioners would represent both the colony and the home government. So we actually have one power through its colonial officers conducting separate negotiations with a part of China that repudiates the authority of Peking.

"In the Shanghai area there is another dictatorship, headed at this moment by Marshal Sun Chuan-fang, a young militarist. His bailiwick now includes five provinces, but his tenure in three of them is precarious. How long he will hold on is doubtful. But while that particular dictator exercises authority in that section, the foreign municipalities of Shanghai and foreign consular officials there are forced by practical considerations to recognize and to deal with Marshal Sun.

"Lately the American consul general at Canton had occasion to communicate with the local ministry of foreign affairs about a matter of some American hospital property. In his note the consul stated that it was not to be construed as diplomatic 'recognition' of the Canton government by the American government. Whereupon Eugen Chen, acting minister, retorted: 'I have the honor to acknowledge receipt of your letter of June 30, 1926, in which you explain—what has already been quite clear and obvious to me—that recognition is not implied in your dispatch of June 16 acknowledging my note of June 4, notifying you of the abolition of the office of commissioner of foreign affairs and the decision of the ministry of foreign affairs to deal with all international cases in the future. [Note: It should be understood that at each important point of contact with foreign nationals the Peking government has an official termed commissioner of foreign affairs who is the local intermediary for foreign relations. It is that representative of the Peking government in



Canton that Mr. Chen refers to.] Though in ordinary circumstances your letter might call for no specific reply, I believe the best interest of the American people and of the Chinese people, as represented by my government, would be served if I make a categorical statement that while my government (which has stabilized an independent political régime founded here nearly ten years ago and has unified a group of territories larger in area than France and Italy combined, with a population of 60,000,000) demands that it be treated with respect, it neither desires nor expects from America and other foreign powers the sort of recognition which even considerations of political realism and international dignity have not prevented them from granting to phantom governments successively set up in Peking by mandarin squeezers, military plunderers, and ex-bandit chiefs. The foreign powers have not yet realized that Peking is today but an organ of exploitation and plunder in the hands of the mandarins and northern militarists. As long as this fundamental fact remains ungrasped by the foreign powers, the state of China must necessarily worsen, and some of the ominous possibilities of the situation may become realities.'

"Without analyzing Mr. Chen's note, which contains a fair amount of political bunkum, very deeply in a comparative sense, it does state a palpable truth as to the relation now of Peking to China as a whole."

Subsequent events confirmed those comments.

## V

WHILE THE "Canton government" is often spoken of, there is no such thing literally. There is a nationalism movement called by that name which began somewhere, sometime, in the minds of political dreamers and had its early cultivation principally outside of China; which soon after the revolution of 1911 first took a distinctly Chinese



form at Shanghai, some years thereafter established its center at Canton, in 1926 moved northward and made its "capital" at Wuhan (the contiguous cities of Wuchang, Hankow, and Hanyang at the confluence of the Yiangsi and Han Rivers), and then in 1927 divided into factions, one trying to function at Wuhan and the other at Nan-king.

It is significant that Canton attached its name to this liberal movement in China and to its "government," for that city and its hinterland are the cradle of revolutionary ideas in that country. For centuries the Cantonese have been the most adventurous and progressive people of China. They were first to be receptive to foreign contacts. It was chiefly from Kwangtung (the province where Canton is situated) that Chinese emigrants went forth to scatter about the earth, to settle in the East Indies, Indo-China, Straits Settlements, the Philippines, Hawaii, North and South America, where as a rule they prospered. The descendants of those emigrants were the early supporters of Sun Yat Sen, and for many years they financed his revolutionary propaganda. To this day those overseas Chinese aid Kuomintang.

If I looked it up I might discover how and when Kuomintang (the People's Party) was organized, but that matters little in this brief survey. I first heard the name in 1912. I was then editing a newspaper at Shanghai, and the word Kuomintang began to appear in the news. Sun Yat Sen had hastened to China when the revolution broke, and after Yuan Shih K'ai appointed him to direct China's national railways program he established headquarters across the street from my office. Occasionally I would go over to talk with Sun, and one day I asked him about Kuomintang. He said it was the beginning of a party system of government in China. Sun was a theoretical republican, and in those days he believed in the party system



of conducting republicanism. That was natural, for he had taken his political ideas chiefly from America and England. I do not know if Sun was the creator of Kuomintang. History probably will make him that, for Kuomintang now proclaims him its father, thus assuming the halo that in China surrounds Sun's memory.

Kuomintang is the senior political party in China. Every other so-called "party" or clique or faction that has sprung up since the revolution is an imitation of Kuomintang. But while others went along for a while and then disintegrated, it survived. I believe this is because Kuomintang originated with a cogent political concept, while other groups merely seized the "party" idea as a method to offset Kuomintang and to further private interests and designs by casual combinations.

Kuomintang soon after its organization aroused the antagonism of Yuan Shih K'ai, who seemed to sense its hostility to his notions of carrying on the government. Yuan was a statesman, but, while for his day he was liberal and progressive, at heart he was a believer in monarchy as the better form of government for China in this stage of her political evolution. Yuan helped to overthrow the Manchus because of their decadence. He espoused the republic, not because he thought it practicable for China then, but because it was necessary to set up something. It is interesting that today most foreigners in China think that Yuan was right, and that, had his ideas been followed, the reformation would have had a smoother course and might have avoided the confusion in which the country is now floundering.

The hostility of Yuan Shih K'ai to Kuomintang and his fear of its concept were soon revealed. I remember the assassination of one Sung, a Kuomintang leader, at the railway station in Shanghai. Kuomintang accused Yuan of instigating that act. From that day the party was hos-



tile to Yuan and to all the Peking régime stood for. For years it was proscribed. Soon after Sung's death Sun Yat Sen remarked to me that the revolution would never be completed until the capital was removed from Peking and restored to its former place near the heart of the nation. That idea has imbued Kuomintang since then.

One must skip to get even an outline of Kuomintang's evolution in a résumé. The story of its progress so far can be put in three stages: inception and the early phase of the Canton independent government; the injection of communism with its accompaniment of Russian influence; the northward advance and the disruption that followed. A reconsolidation, which is being attempted as I write, may be the next phase.

The World War gave Kuomintang its first opportunity to stand out openly. Yuan Shih K'ai's government became so engrossed with external pressures on it that it was unable to exert its authority in some parts of China. Sun Yat Sen, who had been for a while in exile, reappeared at Canton, where he rallied Kuomintang, and they formed a government that declared its independence of Peking. For some years thereafter, although Canton carried on in a more or less independent way, its government was not taken very seriously, and it was generally thought that when Peking got fairly free of international complications the Kuomintang régime either would be brought back within the government's control or would be suppressed. It was not then considered a definite rupture. Meanwhile Peking most of the time overlooked the rebellious attitude of Canton. The foreign powers also took that position and ignored Canton's efforts to obtain "recognition."

During that period the political aims and methods of Kuomintang were comparatively moderate. No drastic policy was proposed. Sun Yat Sen and a group of rational



reformers dominated the scene, and their efforts and ideals won sympathy in Europe and America. The position of Kuomintang before the Chinese people and before the world was improved by the futile efforts to revive the monarchy. When the World War ended and the peace conference came on, the position of Canton had become so definite that they were invited to attach representatives to the China delegation sent to Paris. C. T. Wang and C. C. Wu went to Paris nominally as member and attaché of the Peking delegation, but really to represent Kuomintang and to give an appearance of solidarity to China's national position. Again, at Washington in 1921-22, Kuomintang was represented by observers who, although not official, had a voice within the Chinese council. It had become impossible to ignore Kuomintang in action concerning China's international relations and broader national affairs.

In those years Sun Yat Sen, titular head of Kuomintang, often quarreled with his associates, and at times it seemed as if he must leave the country. In the early period of Canton's "independence" Sun had associated with him some of China's older reformers, such as Wu Ting-fang and Tang Shao-yi, former important officials of the Manchu government and later of the Republic. Wu and Tang were born in Kwangtung province, were educated in America and England, and were reformers who in their youth were thought very radical, but who now seem conservative. Sun's idealistic extravagances and lack of practical political ability before long estranged Wu and Tang, who found it impossible to work with him. Wu Ting-fang went to Shanghai and later was called to become minister of foreign affairs at Peking in the time after Yuan Shih K'ai's death. His son, C. C. Wu, attended his father and acted as vice minister. After the death of the elder Wu, the younger returned to Canton



and became foreign minister there. For a few years Tang Shao-yi retired to his native village near Canton; then he moved to Shanghai, where he now takes the rôle of a philosopher and enjoys the recognized position of elder statesman. He retains membership in Kuomintang but is not active in politics.

For some years there has been no serious effort of the Peking government or of any faction opposed to Kuomintang to overthrow the Canton régime. The northern leaders have been harassed by international questions and were more and more engrossed with the evolution of tuchunism, with its internecine struggles for place and power, which gradually absorbed the vitality of the Peking government. At times there would be pompous talk about expeditions to "punish" Canton. Those occasions usually coincided with dissensions within the Canton régime or with international frictions caused by its actions. They came to nothing, and one cannot believe now that they were ever seriously projected. Until the injection of Russian influence, Canton's only real danger was internal. The party showed an amazing vitality and continued to develop. As years went by, its practical administration fell into the hands of younger men.

In the years 1921-25 Canton progressed. It organized an intelligent propaganda at home and abroad which pictured Kuomintang as the embodiment of new China. Sun Yat Sen, already becoming a legendary figure, was interviewed by every casual writer who came to China. There was a good deal in what could be seen at Canton to give hope for China. Compared with the atmosphere of futility pervading Peking, Canton seemed alive and purposeful. Sun Yat Sen's intractability and growing delusion of omnipotence was an obstacle to progress at times, but efforts to retire or eliminate him always failed. Some able administrators fell under Sun's displeasure and were ex-



pelled. Others became discouraged and hearkened to enticements from Peking. Few of those renounced Kuomintang. They set up the doctrine that loyalty to Kuomintang does not require allegiance to one particular government or administration and that the party's principles and aims are general. One can see now that those defections instead of weakening Kuomintang carried its doctrines into the north and implanted them there. The party lost its sectional complexion. Those secessionists from Canton, some of whom took high office at Peking, paved the way for Sun Yat Sen's visit to that city in 1925 and were instrumental in making Kuomintang into a real national party.

The influence of Soviet Russia at Canton began to be noticed in 1923, but it did not become very evident until the following year. It was then that Sun Yat Sen admitted Communists into Kuomintang against the advice of many of his associates, some of whom left Canton on that account. Sun had found the labor elements useful in applying the "economic weapon" to Hongkong, and when they were organized into what was called the Communist party he thought it good policy to take them in. From that time the C.P. (as they are termed) became a destructive force within Kuomintang. The party divided into "Right," "Center," and "Left" groups, the C.P. being the Left. Slowly the Right Wing was pushed aside. Its leaders went into retirement or drifted to Peking, and a struggle between the Center and Left for control of the party commenced. Sun Yat Sen was caught between those forces and went to Japan on "vacation" early in 1925. The man was breaking under the strain. Then an odd thing happened. The work of those former Canton supporters who had gone north bore fruit, and Sun was invited to Peking. He went, and every indication was that if he wished, he could become the head of that shaky government. But his



enfeebled body could hardly support the fatigue of his reception, and in a short while he died.

After the death of Sun Yat Sen the fight among factions in Kuomintang continued. The Right Wing was virtually eliminated, and the issue was between the Center and Left. Led by a young military man, Chiang Kai-Shek, the Center got control and the extreme Communist leaders were given "vacations," which some of them chose to spend at Moscow. With them went Borodin, principal Russian adviser to the Canton régime, and there was an exodus of radicals from Canton.

For a few months early in 1926 there was a revival of progressive activity and hopefulness at Canton. Disorderly elements were curbed. The labor unions, which, affiliated with the Communist party, had been an unbridled power, were put under restraint. Many observers thought that Russian influence was expunged. Efforts to compose the quarrel with Hongkong promised good results. Reason and moderation came to the fore again. Canton saw a new and grander opportunity. Kuomintang propaganda in middle and north China, given impetus by Sun Yat Sen's visit and death and the popular deification of his memory and doctrines that followed, gained firm footholds in what previously was "enemy" territory.

After the Washington conference the political issue now known as "recovery of China's national rights" and which is expressed in demand for revision of "unequal treaties" took popular form. I do not know who its protagonist was, but it was quickly appropriated by Kuomintang and made a slogan of its appeal for nation-wide support. About then the "political section" of the party and its agency, the "propaganda section," were organized and put into operation. (Kuomintang owes that to its Russian advisers.) The propaganda was so effective that today there is no Chinese of any prominence, north or south,



who dares to oppose the "recovery of national rights" policy. It was that propaganda (aided by the stupid diplomacy and inertia of western powers) which aroused and inflamed the Chinese mass psychosis now called anti-foreignism, and which, perhaps for the first time, created among these people an intelligible patriotic motive. On the crest of that propaganda the Kuomintang armies moved northward and in a few months occupied the Yiangsi valley and delta without fighting an important battle. Observers who calculated that campaign in military terms were dumbfounded by the outcome.

But the question soon arose whether in leaving its birth-place the "Canton government" would bring destruction on itself and to its progenitor, Kuomintang.

While Chiang Kai-Shek and his adherents were planning and preparing for the advance northward, the C.P. leaders quietly began to arrive back from their vacations. With them came Comrade Borodin. Chiang and the Kuomintang Center were adroitly placated with needed funds, munitions, and supplies, promises of further help, and the services of a competent Russian military staff. General Chiang apparently did not fear the Communists, or thought they could be managed. He was absorbed with the enterprise ahead of him, the long-planned invasion of the north. One thing he did not foresee. Hardly had his army taken Wuhan when the Communist group left the uncongenial atmosphere of Canton and appeared on the Yiangsi. Engaged in a campaign, Chiang allowed control at Wuhan to pass to the Communists while he was occupied to the eastward. His outspoken protests at their actions were unheeded, and in turn they denounced him as a traitor and a "counter-revolutionist." With that fire burning fiercely at his rear, Chiang pressed on, took Chekiang and Kiangsu provinces, with Shanghai and Nanking, and then paused to consider the situation.



With few exceptions the outrageous manifestations of anti-foreignism in China in late years have occurred in sections where Kuomintang influence predominates and have been instigated by the Left Wing, or C.P. The scarcely less than insane acts of student and labor bodies, desecration of churches and other ugly phases of the anti-Christian movement, occupation and looting of hospitals and schools supported by foreigners, murder as an economic argument, mob action for political ends, all are distinctly traceable to the Communist party. It is believed that attacks on foreigners at Nanking were ordered by its agents there, who on that occasion wore uniforms of the Cantonese army, and, among other things, the outrage was designed to implicate General Chiang. The Communists apparently joined Kuomintang with the purpose of using it as a means to Bolshevize China. To some extent they succeeded.

It was plain by the spring of 1927 that Kuomintang must discipline the Communist party, expel it, or succumb to it. The Right, being a minority of the party, could do little. The Center represents the majority, but it hesitated to break with the Left (and with the Russians) in the midst of the campaign northward. The Center and Right contain probably four-fifths of Kuomintang's intellectual effectives and all the stable Chinese elements of the party. After the Cantonese took Wuhan, the Communists made a tactical error. The leaders and Russian advisers concentrated there, leaving Canton and other places comparatively free of them. That may be their undoing. When Chiang Kai-Shek broke with the Communists openly, strong sympathetic reactions toward the Right occurred at Canton, Shanghai, Amoy, Foochow, Ningpo, and Hangchow.

Events soon demonstrated that with occupation of the Yiangsi valley and delta, Kuomintang had for the time



spent its military force. A panic among the northern militarists enabled General Chiang Kai-Shek to push his troops northward for some distance along the line of the Tientsin-Pukou railway, but it quickly appeared that his lines were overextended; moreover, his army lacked equipment and munitions. Although the political breach between Chiang and the Wuhan régime was by then complete, and Chiang had set up a nominal government at Nanking independent of Wuhan, actual hostilities between them were averted, while both factions became engrossed with a typical Chinese intrigue growing out of the new situation. Those events had again put Feng Yu-hsiang in a position of important strategical utility, and both the Wuhan and Nanking régimes tried to win his support. Feng blew hot and cold and in the end remained neutral and inactive. He declared adherence, however, to the principles of Kuomintang. As Feng's coöperation was essential to the success of Chiang Kai-Shek's northward campaign, Chiang's withdrawal to the Yiangsi was forced. The northern tuchuns were driven together by common fear of Kuomintang and managed for the time to hold their positions. Some generals went over to Kuomintang; then, when it appeared that the advance of Chiang's army was checked, they turned back to the northern side.

In the course of a talk with General Chiang in April, 1927, he said to me, as an offset to accusations of the Wuhan régime that he had become a typical militarist, that he would retire from command of Kuomintang armies whenever the party eliminated the Communists; that his quarrel was with the Communists and the Russian advisers of Wuhan, and not with Kuomintang's civil administrative section. It is known that Chiang Kai-Shek, C. C. Wu, Wang Chung-hui, and other members of the Kuomintang Center who organized a nominal government at Nanking, made it a condition of reconciliation with Wuhan that it



should depose the Communists and discharge the Russian advisers. When, in August, 1927, the Communists and principal Russian advisers withdrew from China, Chiang Kai-Shek did resign his command and retire for a while from public life.

Since Kuomintang obtained an administrative foothold at Canton almost ten years ago, it has at times conducted the best government in China and at times perhaps the worst. Wuhan under the Communists was thought by many to be the worst government China has had in modern times. All sections of Kuomintang exact contributions as ruthlessly as any northern tuchun ever did. Its lesser officials have "squeezed" without compunction or shame. One is not surprised that observers predict its failure and disintegration.

The strength of Kuomintang never has been in arms and cannot be estimated in military terms. It has developed so far by the force of an idea: the concept that China can be regenerated and united by the Chinese themselves, that civil authority should be supreme, that welfare of the people is the first duty of the state, and that foreign infringements of China's sovereignty shall be removed. Its leaders can make innumerable mistakes and blunders and the party can live if it adheres to its original principles. Its membership includes perhaps four-fifths of the Chinese intelligentsia, many of whom hold office at Peking and in the yamens of the tuchuns. The youth of the nation are with it. Kuomintang will work no miracles. The "governments" it has set up are as stable as any of their contemporaries. It seems the most promising political force in China today.

## VI

REMEMBERING that the government and people of the United States time after time have shown noteworthy financial generosity to China, in benefactions of schools



and hospitals, in repeated efforts to relieve distress from famines and floods, and in setting an example officially to other powers by remitting a large part of America's "Boxer" indemnity, I was surprised to hear, recently, a Chinese refer to our nation as "Uncle Shylock." That remark was made by a person from whom one would not have expected such comment—a Chinese banker who was educated abroad and who is supposed to understand modern financial and business principles.

The occasion of his remark was a formal protest of the American minister at Peking to a proposal of one of the casual finance ministers of that shadowy government to "secure" a new domestic loan on surpluses of foreign-administered revenues that are hypothecated to pay interest and sinking funds of previous foreign borrowings of the Chinese government. The American minister, in his note, pointed out that surpluses ought to be used to pay long-standing debts of the government, particularly some owed to American firms. In short, the minister's note was a dun, not, probably, in expectation of thereby getting the debts paid then, but in reminder that China's creditors are waiting for their money. The debts to Americans which the minister referred to are almost entirely for supplies and materials purchased for and used by Chinese Government Railways—commercial transactions having nothing to do with politics or with real or imaginary "moral" obligations among nations.

One understands that the Chinese banker's remark is a reflex of prolonged propaganda to induce the American government to cancel the "war debts," and of the consequent muddling of people's minds concerning international relations and finances. It is on that account that the remark has interest, and perhaps some importance. For there is a trend in China toward outright repudiation of debts of the Peking government. An effect of the suspended



debts of European states, and of their debased currencies, is felt in China. If there is to be any cancellation, then why should China pay? If states in Europe which rank as first-class powers are in no hurry to pay, why need China bother because the practically defunct Peking government at times contracted, and at other times was bullied into, debts to foreigners?

Debts of the Peking government can be divided roughly into five classes: First, indemnity remainders. Those are now by way of being liquidated or remitted. Second, bond issues underwritten by foreign bankers with the knowledge and approval of foreign governments and secured by revenues of China put under foreign administration. Those bonds were floated when the credit of the Chinese government was good, and they are held by banks and individuals throughout the world. Until Chinese militarists and independent provinces began to withhold revenues, the interest on those bonds was paid regularly. Third, debts of dubious fiscal and moral standing contracted by a corrupt government at Peking during the World War and representing funds squandered or embezzled. The notorious Nishihara loans are the leading example of that class. Fourth, domestic loans, some of them secured by foreign-administered revenues and some without any security. The domestic loans were underwritten, principally, by Chinese bankers, who sold what they could and kept the remainder as bank assets. Fifth, debts for supplies and materials.

The Peking government has no credit now abroad or in China. Its credit bankruptcy was demonstrated by the incident which caused that protest of the American minister, when in order to raise a few million dollars the ministry of finance tried to get the maritime customs administration to take a new domestic loan as a charge on any surplus it might have after the service of previous loans is cared for. If the customs administration (having



in view an increase of revenue by raising duties) had been willing to implement that loan, then the ministry of finance might have been able to get Chinese banks to underwrite the bonds and to advance funds on them (at a ruinous discount, probably). Chinese bankers, who already were pretty well loaded with domestic bond issues, secured and unsecured, were not keen about taking a new loan even with the sanction of a foreign revenue administration; without that they wouldn't touch it. In other words, Chinese bankers will not willingly advance funds to the Peking government on its own promise to pay, but, possibly, they might do that if a set of foreigners whose duty is to administer certain revenues of China for the protection of foreign bondholders should agree to take care of the interest and sinking fund. So much for opinion now of Chinese bankers of what is, theoretically, their own nation's government.

But the broader question looms now whether even the authorization of foreign revenue administrations constitutes a real assurance of bonds of the Chinese government. Will those bonds go the way of, let us say, bonds of the Imperial Russian government, and of other governments? I put that question to the aforesaid Chinese banker and found that he favors repudiation, or rather, partial repudiation. The exception is domestic bonds of the Peking government, or anyhow some of those issues. For, as I have said, Chinese banks now hold a large amount of domestic bonds in their vaults, and it is probable that most of them are owned by Chinese investors; whereas with the so-called foreign bond issues the probability is (although this is by no means sure) that foreigners own most of them.

I asked that banker how it is feasible to repudiate China's foreign bonds and uphold values of domestic issues.

"The domestic bonds could be taken over by the prov-



inces, or by whatever government or governments take the place of Peking," he replied. "In an economic sense repudiation of domestic bonds would mean little, since Chinese lent the money in the first place, and Chinese must pay it (if it ever is paid) by taxing themselves. But to repudiate the bonds would shake our internal financial organization severely and give a setback to business and to all internal property values."

"How would you apportion an assumption of domestic bonds among the provinces or sectional governments?"

"They could be apportioned by agreement on an equitable distribution."

(One hardly can see these present-day Chinese militarists and politicians assuming any debts except those of which they are the direct beneficiaries.)

"Do you consider Chinese domestic bonds a sound value today?" I asked.

"Well, they hold up pretty well, as you can see by the quotations."

"What is the real basis of their value?"

"The business integrity of our people," was the reply.

If Chinese bonds of any kind have value now with either Chinese or foreign investors, it is because a purchaser of those bonds is willing to gamble, at a price, that in the event of Peking or any other so-called government in China evading or repudiating the treaties and taking over management of all revenues, or of any provinces or sections holding customs and salt revenues regularly, or of a widespread deposing of foreign revenue officials, the powers will use armies and navies to protect the bondholders. There is evidence of a growing doubt on that point among business elements in China and elsewhere. This is shown by a tendency of Chinese banks and of Chinese and foreign investors to put at least a part of



their reserve funds and free capital into gold dollar securities.

Any who may think the foregoing viewpoint and forebodings fantastic or exaggerated should consider current events in China. At the time the American minister made that protest, the Diplomatic Body at Peking were pondering what to do in regard to action of the Canton régime in imposing new maritime customs surtaxes without respect to the treaties. The question was referred to home governments, and the home governments were as nonplused as the diplomats. Unless disintegration is somehow stopped and an effective national government is formed somewhere in China, it seems not only possible, but probable, that outstanding Chinese government bonds will slip steadily downward and will eventually be dropped even from speculative price lists. Without doubt the present owners of them will make every effort to keep them up, and foreign holders will try to get the powers to act to prevent repudiation, or delinquency which is tantamount to that.

Optimists about China dislike to entertain the idea of repudiation or permanent delinquency. They say that although it may happen that those bonds will be in arrears for some years, they will be paid off eventually. It is conceivable, however, that political developments in China may take a course which will put debts of the Peking government in much the same category as bonds of the defunct American southern Confederacy.

## VII

USUALLY it is taken for granted that railways are a principal factor in the economic progress of the United States, and also in developing a social and political homogeneity there throughout so wide a territorial and climatic expanse. Some students believe that without the



opportune invention of railways the American nation, as it is today, could not have been created. It has been confidently predicted that railways would do for China what they did for America. Therefore it is a cause of wonderment to find intelligent people who doubt the value of railways to China at this time; some of them think the railways that that country now has are a drawback to it, and that instead of planning to build additional lines it would be better to scrap those which exist.

Recently the head in China of a foreign firm which does a very large business in that country, and which has been especially successful in carrying on through the nation's political confusion, remarked to me: "I used to worry about deterioration of railways here and to hope a way would be found to restore them quickly. Now I begin to think it would be better to destroy them altogether. Anyhow it seems foolish to extend them while conditions remain as they are. They are used almost exclusively now for making war. They provide in themselves a considerable incentive to start these petty wars among Chinese militarists, and the means to extend them over a wide scope."

The occasion of that comment was news to the effect that a French syndicate had obtained, in 1926, a contract to build a new railway line in north China to serve as a link between lines already built. That any such contract would be signed then with what was called government at Peking, with the sanction, probably, of the French minister, in itself gives ground for surprise and criticism and shows that old-time notions still imbue some foreign policies in China. That particular contract cannot be executed now, and there is no likelihood that it can be done for many years, thus making the transaction obviously one of those "concession-grabbing" deals by which foreigners, under the auspices of their governments, tie up promising projects until at some time in the future a profit may



be made out of them. In contrast with that reported action, and about the same time, the agent of an American corporation which has a construction contract with the Chinese government, made several years ago, who after negotiations lasting for many months at last succeeded in getting the ministry of communications to agree to some essential modifications, was advised by the American minister that it was futile to register the amended agreement because it is unlikely that acts of that Peking government will be recognized hereafter as valid.

The reasoning of the foreign merchant and manufacturer who made the foregoing remarks is plain. Benefits of railways come from their providing regular communications and transportation at charges which the traffic can bear. Until a few years ago railways in China gave promise of fulfilling there the same functions as in America. Their traffic grew rapidly, and almost every line showed a good profit. Foreigners were employed as technical experts and managers, but Chinese educated abroad were already becoming able to manage the roads fairly well. Nearly all lines were nationalized under the title of Chinese Government Railways, and their administration was centered in the ministry of communications at Peking.

Then came the scourge of militarism and its pointless and apparently endless civil wars. At such times commanders of armies took over control of lines in regions they dominated and used them for war purposes. For a few years, after each little war, the railways would be returned to the management of the ministry of communications. There were two main reasons for that: first, the militarists did not know how to operate the railways; second, some of the lines are hypothecated to secure bonds sold for their construction and equipment, mostly in foreign countries, and the militarists used to think that in the event of continued interference with the railways the



foreign powers would intervene to protect the bondholders. In time those reasons lost force and effect. The tuchuns learned that railways are, or may be, a source of revenue and power; so, gradually, they began to keep control of them after cessation of hostilities. At first the lines in parts of China distant from Peking fell away from the authority of the ministry of communications and under the authority of regional dictators. Then the important northern tuchuns saw that by controlling the ministry of communications they could control the northern lines and take any profits that might remain after service of the railway bonds was met. So whichever big tuchun got hold of Peking saw to it that one of his henchmen became minister of communications, for, except the customs and salt surpluses, the railways were about the only important source of income the government had. Of late years the minister of communications is always a puppet of a big militarist, and railways remaining under control of the ministry are "milked" for his benefit.

Also, the check formerly imposed by belief that in an extremity the powers will intervene to protect foreign holders of railway bonds, and foreign creditors of the railways, is now weakened. For that reason a majority of regional dictators no longer fear foreign intervention. More and more they have used the lines in their sections as their personal property. As well as one could discern, in 1927, the Peking-Mukden line is the personal property of Chang Tso-lin, also the Chinese Eastern Railway in Manchuria. A part of the Peking-Hankow line is controlled by generals who recognize Chang Tso-lin's orders. Another part is controlled by Feng Yu-hsiang. The southern part of that line is controlled by the Cantonese general who ousted Wu Pei-fu from that region, and the Canton-Wuchang line is under the authority of the Wuhan régime. The Shanghai-Nanking line for about a



year was practically the personal property of Marshal Sun Chuan-fang, as also was the Shanghai-Hangchow line, until Sun was ousted by Chiang Kai-Shek. The northern part of the Tientsin-Pukou line, and the Tsinan-Tsingtao line, for some time have been handled as the personal property of Chang Chung-chang, tupan of Shantung province and a nominal adherent of Chang Tso-lin, while the south end of the Tientsin-Pukou line was under Sun Chuan-fang late in 1927. At the moment of writing, one of Chiang Kai-Shek's generals holds the Kiukiang-Nanchang line, but it may change hands any day. Those names and facts are recited to explain a condition and to demonstrate that the Chinese Government Railways as an entity under one authority does not exist.

In the course of frequent shiftings of regional control during the civil wars, the opposing generals seize all railway rolling-stock they can lay hands on. A general who is forced to retreat will withdraw what rolling-stock he can and burn or disable what is left behind. Much rolling-stock was transferred from lines where it belonged to other lines. Cars are used as barracks, hundreds of them are disabled by accident and misuse, many have been burned for fuel, and locomotives have been crippled for lack of proper care. Of course the militarists do not pay anything for use of the railways and their equipment or for damages to them. At one time in 1926 negotiations were commenced between two outwardly friendly militarists, who controlled the northern and southern sections of the Tientsin-Pukou line, for a resumption of through traffic. For a while the parleys could not advance, because each tuchun feared that the other would stop the rolling-stock at his end of the line and hold it there. Through traffic of a sort (mail and passenger only) was eventually resumed by a plan of swapping rolling-stock at a station midway between the territory of the two dictators; when a train



crossed that line a train of equal equipment had to pass the other way to replace it.

That general condition of course has practically destroyed the economic utility of China's railways. Every sectional dictator, large and small, regards parts of lines in his territory as sources of personal revenue. Charges are made not by a regular rate, but at the will of any local officer of sufficient rank, and are changed frequently without warning. Shippers can seldom obtain cars except by paying "squeeze" to petty militarists and railway employees. Under these conditions transportation in China is reverting to pre-railway usages and methods—junks, carts, and pack animals. When I was in Peking in 1926 a leading foreign firm resorted to the expedient of shipping its goods between Tientsin and the capital on donkey carts, a slow method but much surer than shipping by railway. A railway expert told me in 1927 that the railways had depreciated 40 per cent. in five years and that if things go on as they are some of the lines would be practically out of business in another year. Yet some foreign makers and sellers of railway supplies seem to think it will be possible to do business in China under these conditions. An agent of an American firm got instructions from his home office to stop trying to do business with the Peking government and to deal directly with regional dictators. Almost all the regional dictators who hold place long enough to plan anything get the idea that railways can make a lot of money; so they want to build new lines in their bailiwicks. Some tuchuns get hold of territory where the lines are depleted and need to be resupplied to become useful. Regional dictators therefore are in the market at times for railway supplies, and some of them are planning ambitious programs of new construction. Some of those plans have an obvious strategical purpose, but most of them are for revenue. A serious



drawback, however, from an economic and national viewpoint, appears. A few regional dictators have the idea, once prevalent in Europe, of making, for defensive reasons, the railways in their territory a different gauge from railways in adjacent territories. That would mean complete new equipment of many lines, a prospect not altogether distasteful to agents of foreign suppliers.

Indeed, some people have the opinion that things may take a turn when, under a regional dismemberment of China, there will still be a considerable railway development, and that railways will help tranquillize and nationalize the country. A foreign railway expert said to me: "If the militarists once get settled in their bailiwicks, as, for instance, Chang Tso-lin once was in Manchuria, they will want to get all the revenue possible from their territory. Railways will help them increase productivity and trade, and production and trade create means of revenue. So, once started on that line, regional dictators may realize the wastefulness and costliness of frequent wars among themselves, and find it more profitable to keep peace. Then after a lapse of years a sentiment for union or federation will spring up as trade and economic interdependence draw the sections together." That notion controverts the opinion of the foreigner I quoted previously. The only sure thing regarding railways in China is that they are in a very bad way now.

### VIII

IT HAS BEEN SAID that revolutions begin with the tax collector, and it may happen that taxation will effect the completion of the revolution in China. Taxes may be the straw that will break down the patience of the Chinese under misrule, shake them out of their political inertia, and enable them to get rid of officials who exploit them. Taxation in China has considerable interest also to for-



eigners and to foreign governments. It is the basis and the security for indebtedness of the Chinese government to foreign governments and bondholders, and the continuous financial needs of militarists cause special taxes to be put arbitrarily on business in which foreigners are interested. It has further interest to foreigners because a well-governed and prosperous people are good neighbors and customers, while a badly-governed and tax-oppressed people are a cause of constant anxiety and a drag on world progress.

Regarded one way, the Chinese are taxed more lightly, probably, than any other civilized people on earth. That statement must, however, be qualified at once, for taxation in China has two forms, legitimate and illegitimate. Legitimate taxation in that country is so small that it would be the envy of other nations, provided the tale ended there. Take some figures compiled by a foreign financial expert. In 1924 the per capita revenue derived from taxes and duties in the following countries, in silver dollars, amounted to:

Great Britain .....	\$170.00
France .....	90.00
United States (Federal taxes only) ....	120.00
Belgium .....	30.00

Since taxes put in terms of money do not give the true measure of burden on the people who pay them, for this depends on living standards and average earnings, a better comparison may be made by turning to oriental countries near China, whose recent annual per capita tax figures in silver dollars are:

Japan .....	\$16.00
Philippines .....	7.50
Indo-China .....	5.50
Siam .....	9.50
Dutch Indies .....	15.00
China .....	1.20



Of legitimate taxes the Chinese therefore pay about one-fifth of the average taxation paid in French Indo-China and one-eighth of the average paid in Siam. Yet the population of China is more frugal and industrious than those peoples, and the country has more resources of all kinds than those regions. Chinese pay one-twelfth the legitimate taxation that Japanese pay.

Per capita national debts (estimated in 1924) of some nations, in silver dollars, follow:

Great Britain .....	\$1,440.00
France .....	1,310.00
United States (Federal debt only) .....	433.00
Belgium .....	312.00
Italy .....	190.00
Japan .....	50.00
China .....	4.75

Why the Chinese endure patiently such conditions as exist in their country now is explainable only by looking backward. Until very recent times, indeed until after the fall of the monarchy, the Chinese mass were conscious of the national government only through the occasional contacts of tax collection. Those who have studied the matter agree that the average subject expected no return from the government in service. In that attitude we find tradition, inherited ideas. Taxes, especially when paid to an oriental emperor or potentate, were in the nature of tribute. They were something that people understood had better be paid, or worse would follow. Princes were not expected to do anything in return for the treasure thus collected, except to be lenient to the people. Princes spent their incomes for enjoyment, and to gratify and hold the loyalty of their retainers.

On the other hand, the amounts of tribute paid to princes and potentates (or in China to the central government, so called) were only a small part of what was collected from the people. Almost all taxes were "farmed"



to lesser officials, who exacted all they could, and passed on as little as they could to the higher-ups. In time provinces and magistracies settled so deeply into grooves that the revenues could be approximately estimated in advance, and when a mandarin secured a post he knew what he had to send to Peking. Frequently he had to pay part of it in advance, to get the appointment. So long as a mandarin forwarded his quota promptly, things went well; if he fell into arrears he was removed. If a mandarin, from cupidity, tried to "squeeze" too much revenue out of a district under his authority, the people would protest; at times they revolted. So there was a limit to taxation under the monarchy. The limit was what the traffic would bear. Respect had to be paid to custom. Morse estimated that taxes which were paid by the Chinese people and never reported or registered amounted to several times the amount reported and registered.

The Chinese understood the system perfectly and adjusted themselves to it. It was (and is) common knowledge that each and every official had to be "squared." In agriculture, in business, in every walk and event of life, an official "squeeze" was exacted. Probably the Chinese under that system paid no more in sum or proportionately (perhaps they paid less) than other peoples. The point to be considered now is that they paid taxes as tribute to the powerful, and did not think of them as belonging to the public after being put in the hands of the government. If, as happened occasionally, an emperor or viceroy undertook public improvements and carried out measures for the general welfare, it was regarded as personal generosity rather than as something which they were obligated to do.

So while legitimate taxation in China, in comparison with other countries, always has been ridiculously low, other forms of taxation raised the average to the level of normality, which there, as elsewhere, is what the people



can be induced or compelled to pay. But in the United States, for instance, when people pay taxes they understand that the money is supposed to be converted into some form of public benefit. In China taxes have never had that popular meaning. In oriental countries (with the possible exception of modern Japan) the people still think of taxes as tribute, as an inconvenient but unavoidable "cumshaw" to placate the powerful.

In so far as the Chinese mass suffer now from fiscal oppression, it is from the kind of taxes which are irregular and unaccounted for. This illegitimate taxation can be summarized under these headings: Arbitrary levies on business and on property, special and variable duties and transit charges, diversion of revenues of the railways, confiscation, depreciated and worthless currencies, and other methods which can be called extortion.

A new tuchun gets control of a city or district and installs a new set of officials there. The first requirement is money, and the demand is usually put in the form of a statement that unless the troops are paid, it will be impossible to control them and they may become insubordinate and loot. The merchants, gentry, and laborers understand perfectly that that is the same as saying: "You people produce so much money at once, or I give my soldiers permission to take their pay out of you and loot the town and countryside." If the demand is within what is possible to do, the merchants and gentry usually raise the money. Control of the Shanghai district changed hands four times in two years, and after each change the merchants and propertied class had to meet forced levies of several million dollars. In 1926 Wu Pei-fu, at Hankow, needed funds to pay troops and to finance a campaign to regain his old position in Honan. First he tried to raise money by contributions of the merchants and gentry. That failed. Then he issued several million dollars of



paper notes and ordered that they must be taken as legal tender. As the notes were worthless, the bankers and merchants refused to accept them, and, as Wu Pei-fu was not in a very strong position just then, he withdrew the notes. His scheme was to pay his soldiers with those pieces of paper, who then could spend them in the shops and other places. That is an indirect form of looting or confiscation, carried on with an air of being legitimate. Later Wu did obtain a loan from the bankers and merchants, who probably thought that if he got some money he would move on and let them be, and they were willing to pay something to be rid of him.

As illustrating the condition of country people and the poor classes in China under the rule of the militarists, I will quote from a letter of a missionary in central China: "A fairly prosperous farmer near here, a man I know very well, received a visit a few weeks ago from a yamen runner, who told him he must pay three hundred dollars to the magistrate. The farmer protested and tried to evade the demand, but in the end he thought better of it and gave the money. Three days later a military officer arrived with a file of soldiers, and demanded five hundred dollars for the general commanding the district. The farmer again protested and said that he did not have so much money; whereupon the soldiers left, taking with them one of the farmer's young sons. The next day the farmer managed to scrape the money together, and paid it, whereupon his son was restored to him. A few days after that some bandits appeared and demanded two hundred dollars. The farmer sent word to the magistrate and to the general (both of whom had promised him protection if he met their demands) but got no help, and he had to buy off the bandits. This farmer has been stripped, and the people in this district have no protection against this kind of thing. As fast as they manage to accumulate anything it



is taken from them. Conditions seem to get worse all the time."

In all parts of the country the militarists use the railways for their personal ends and profit. Merchants have to pay "squeeze" to get a freight car to ship their produce and goods, and they may have to repeat the payments every time they move cargo from the region dominated by one general into a region dominated by another general. There is no regular schedule of charges; the payments demanded may be changed every week and be made according to the wealth of the merchant making shipments or the immediate need of a general for cash.

A common practice is for a new commander in a region or city to demand payment of the land and other taxes several years in advance, promising that meantime no other taxes will be collected. But frequently a general or official does not hold authority in one place for long, and the next comer, as likely as not, will repudiate his predecessor's compact and repeat the extortion. Sometimes the local native banks will be compelled to advance funds, taking the local taxes for coming years as security, but that security is worthless under existing conditions; so in effect such "loans" actually are levies on bank funds. Another practice is to debase the currency by putting less silver or copper into the dollars and fractional coinage, and taking profit on the difference in bullion value. One could enumerate hundreds of instances of that kind of extortion and of such means taken by militarists to raise the wind.

So statistics on taxation in China prove very little. Nor is it necessary to explain how these practices affect all industry and business there and act as a drag on development. That is obvious. Notwithstanding these conditions the country as a whole continues to make progress, and its foreign trade mounts every year; which proves



nothing much except the amazing vitality of the nation and the persistent industry of the people. One recalls Henry George's comparison of a boat sailing with a large bucket towed behind. The boat will go ahead, but it would move faster if the bucket were dropped.

Two theories are entertained about the outcome of and the remedy for this situation. One is that foreign powers ought to take over the fiscal administration of China until the government is set right. Another theory (which is held by most of the Chinese intelligentsia) is that the Chinese mass, and the middle class, will never comprehend their modern relation to government except by suffering under its malfeasance and failures. Those Chinese believe that the worse this condition becomes, the sooner reform will be brought about. It is conceivable that China's ancient evil, official "squeeze," as applied through the tax collector, eventually will rouse among the people the spirit and the will to accomplish national reconstruction.

## IX

IN RECENT YEARS the world has heard a good deal about the trade of China. Most of the talking and writing on this subject is done by foreigners. Foreign governments have established trade commissioners there. Several governments have commercial attachés in China whose offices compile and send, for the information of home manufacturers and merchants, all kinds of data about markets for foreign goods. Commercial agents travel in western countries, sometimes at government expense, speaking before chambers of commerce and in a general way "boosting" the trade possibilities of that large and populous country.

Chinese do not talk or "boost" very much about the commercial and economic possibilities of their country. I do not know of any propaganda carried on by a Chi-



nese chamber of commerce to encourage and stimulate development there or to attract foreign capital. A few years ago the Peking government (because it was suggested and urged by foreigners) did create a bureau of economic information whose function is to collect and distribute, principally among foreigners, useful facts relating to agriculture, commerce, manufacturing, and finance in China. Before that almost everything which was known and printed about the trade of China was gathered and published by foreigners. Apparently Chinese took little interest in the matter. From that it seems that foreigners are more interested in trade possibilities and development in China than the Chinese are. In former times that was so. But it is true no longer.

It is interesting to go back to the beginning of foreign trade with China and to follow the steps whereby foreigners (that is, westerners) have come along to the position they have in it today. At first the foreigners had the general character of adventurers and speculators. A ship would be loaded in England or Europe or America with a miscellaneous cargo. The ship might be sailed by its owner or part owner, and the captain almost always had an interest in profits of the voyage. Sometimes officers and crew had shares in the enterprise. A ship might call at a dozen ports in as many countries before reaching China; at those ports some of the cargo would be disposed of and new cargo taken on. Sometimes a ship would reach China with hardly anything in its hold that was there when the voyage started. In the Whampoa River at Canton the ships would trade their cargoes for Chinese products and depart for home by a roundabout course. Sometimes a voyage would take two or three years to complete.

As time passed and the trade was better understood, it was gradually taken over by organized firms and com-



panies which owned the ships and financed the enterprises. That was the second stage of development, and it marked a transition from pure adventuring to organized merchandising. But the trade long remained highly speculative and venturesome. Foreigners were permitted to establish agencies at Canton in a section set apart for them called "The Factories." On their side, the Chinese merchants organized a "Co-Hong" to conduct trade with foreigners. The Co-Hong ("Hong" is a Chinese term for business firm) was in effect a clearing house through which all important deals between foreigners and Chinese passed. The trade thrived and grew notwithstanding hostility of the Chinese government to it.

The next stage began with the opening of Shanghai and a number of other places in China as "treaty ports," where foreigners could reside and conduct business. Gradually the relation of foreigners to the commerce changed. They now began to take the position of agents and middlemen, which broadly is their status today. At that point entered the compradore system, and the time since the signing of the Treaty of Nanking in 1842 to the present may be aptly termed the compradore period of China's foreign trade. A compradore, like many foreigners in China, is himself an agent and middleman. He is agent, in dealing with Chinese, of the foreign agent in China of manufacturers and merchants in western countries. (In fact it is as accurate to call those foreigners compradores as to call Chinese that.) In that stage of trade, the compradore was necessary. A majority of foreigners could not speak Chinese; they were limited to their concessions and could not get in touch with the actual distributors who sold their commodities to consumers. That contact was through a compradore. In old times the compradore was usually a dignified and important person. He ranked as a large merchant. Many compradores became wealthy.



A compradore assumed responsibility for transactions which passed through his office; he guaranteed accounts, financed the business after it reached China, and often before it left the countries of origin. A compradore found the customers, sold them the goods, and assumed the financial risks; or if it was export business, a compradore secured the cargo, arranged the credits, and brought it into a treaty port. He was essential. Foreign merchants at home, or their foreign agents in China, could not know or find out except with Chinese help the commercial rating of Chinese dealers. They would not know whom to sell to, whom to give credit to, and whom to refuse credit to. The Co-Hong attended to that in the old Canton days. The compradore replaced the Co-Hong.

The foreign trader in China was as necessary to the trade as the compradore was. A compradore understood business in China. But he did not understand business in foreign countries. China then had no commercial machinery for handling import and export business. A firm or factory in England or America would not ship an order direct to a Chinese in China, but it would ship one to a foreign firm or agent there, subject to payment through a foreign bank in China on bill of lading. As to exports, Chinese had no native agencies and agents abroad and no banking connections abroad. There again the foreign middleman was useful. It is apparent, on analysis, that in this business the foreign agent or "jobber" in China and the Chinese compradore performed the same functions, but by different routines.

The compradore system endured for some eighty years and played an important part in developing China's foreign trade. Now it is passing. Many foreigners in China will dispute that. Nevertheless it is so. The compradore has by no means gone; he is as numerous as ever and on the surface seems as active as ever. But his days are num-



bered. And with disappearance of the old-time Chinese compradore will also vanish his contemporary and complement, the old-time foreign agent and jobber. When their routines become merged and consolidated, the function which they performed will be taken over by other methods.

One thing which indicates that the compradore is passing is that while formerly the word had an honorable and respected connotation with Chinese, it is becoming a term of reproach. This of course is a political rather than a commercial development. A compradore has meant in Chinese eyes an agent of foreigners. Why, asks Young China, should Chinese in their own country act in a subordinate capacity for foreign firms and banks when all this business ought to be managed by Chinese? Or, if foreigners are needed, they should be employed by Chinese instead of Chinese being employed by them. Young China points to Japan, where transition of foreign trade from the management of foreign firms and agents to Japanese is far advanced. "Chinese must handle the trade of China," is a slogan of Young China.

Can Chinese manage successfully the trade of China in all its ramifications, and especially the foreign trade? Most foreign business men in China say no to that question. Chinese nationalists say yes. What is the truth? I believe that Chinese are not yet ready to take over entirely the management and handling of foreign commerce of the nation. But I think that in a few years they will be ready, and they will do it then in the same degree that this has happened in Japan. The internal trade of China, even that part of it which consists of selling foreign articles and purchasing native products for export, always has been managed and handled by Chinese. Foreigners here and there assist in this trade, as experts, or as employees of Chinese firms. External trade of China (imports and exports) requires commercial methods and facilities



specially designed to carry it on, and in that Chinese are backward. A nation's foreign commerce requires branches and agencies abroad, banks with reputable foreign connections and branches, a merchant marine sailing the seven seas, and a personnel to man those facilities. The difficulty the United States has been having in getting organized for foreign trade and financing, and in finding in America a native personnel to manage it, will illustrate what confronts China in her effort to cast off foreign commercial and financial supervision.

Chinese, however, have made beginnings toward creating the facilities and organization to handle the nation's foreign trade. The success of big Chinese department stores blazed the trail. One of those large stores in Shanghai has established a banking department for its customers and branch banks in the city. The management is modern and progressive. In 1925 the Chinese General Chambers of Commerce at Shanghai presented to the government a plan for organization of what is termed a Government Custodian Bank with a capital of \$50,000,000 Chinese currency. It was stated that one purpose of this bank is to take over a function now performed by foreign banks in China, that of being a repository of customs funds hypothecated to secure foreign loans. Capital was to be subscribed by chambers of commerce throughout the nation. This proposed bank was to be something like the Federal Reserve Bank in the United States. Unsettled conditions have prevented its organization, but it is significant that Chinese financial and commercial people are thinking on such lines.

As a rule foreign business men in China rather sneer at these new ideas of Chinese and do not believe they will come to anything. I have a different view. I expect that the new ideas will be realized in time. About twenty years ago some Americans conceived the notion of starting an



American exchange bank in China. They did so on a modest scale. One difficulty in getting that bank started was that few Americans could be found who understood foreign banking and exchange. So that American bank in China was compelled to employ foreigners, principally British, to organize and manage their branches in China, and even to manage the home office in New York. Some of those foreign bankers are still in the employ of that bank and hold responsible positions. But during the twenty years that the bank has been operating, it has been educating Americans in foreign and exchange banking, and Americans gradually are taking over the management and operation. In a few years more that bank will probably be as much all-American as banks ever are all-national. Large banks in London and Paris nowadays have some American employees, and probably every large bank in New York employs foreign experts. For some years after it was created, the New York Federal Reserve Bank had a foreigner as foreign exchange expert, because no American could qualify for the position.

I can see nothing to prevent Chinese, once they decide to do that, from going to England and Europe and America to employ financial experts to organize and for some years to manage China's financial institutions. Such management would not alter their Chinese ownership and character nor defeat their ultimate purpose and function. Chinese have much to learn about such affairs before they can do for themselves. Japanese and Americans had to learn their way about in international finance and commerce, and Chinese can do that too. I was somewhat surprised one day to see in Nanking Road, Shanghai, a Chinese bank for women exclusively, managed by Chinese women, open for business.

The Chinese are believed to have been the first people on earth to create banks and to establish a system of cur-



rency. Banking is not a new thing with them. Only its very modern and international ramifications are new to the Chinese, just as foreign banking and exchange was almost unknown to American bankers (except a few in New York) a few years ago.

Shanghai is the financial and commercial center of China. There were in 1927 twenty-two banks there of western nationality, with nearly two hundred branches in China, the Orient, and other countries. There were thirty-one Japanese banks operating in China, most of them having branches in Shanghai. There were one hundred and forty-one Chinese banks in Shanghai organized on modern lines with charters and a declared capitalization, with hundreds of branches in the country and abroad. This does not take into account small native banks and exchange shops. A number of Chinese banks have banking connections in New York, San Francisco, London, Paris, and elsewhere. They can open letters of credit abroad and handle ordinary import and export financing. They are learning the game. Nothing will stop them. There is money to be made in this kind of banking, and Chinese will not forever sit back and see foreigners take that profit out of their nation's commerce.

There are survivals of old-time China commercial customs. It is still necessary to make cash settlement of all accounts at the Chinese New Year. That institution has a value, and one would like to have it preserved. It might be used to advantage in other countries. But probably it will not long escape the influences which are making for business changes in China.

Where will this evolution leave the foreigners? The manufacturing and trading powers are interested in China chiefly as to bulk business. A manufacturer of machinery in America wants to sell machines in China. It does not matter whether the business is done through a foreign or



a Chinese agent at that end. Manufacturers are sending out "factory representatives" to China. A factory representative can do business directly with Chinese as well, although perhaps not so easily just now, as through a foreign broker or agent. If a foreign broker or agent in China is put out of business by this change, his place will be taken by a factory representative or a foreigner performing a similar function. The trade will go on. Probably many foreigners whose occupations are eliminated by that process will find equally good positions in the new system; many of them speak Chinese, and they have the advantage of knowing the country and trade conditions. It is a matter of adaptation. Individual foreigners may suffer, as individuals and some institutions always are vicarious sacrifices to shifts in business and industry. But these changes in China are more likely to improve the foreign trade of the nation and its commercial relations with other countries than to set them back.

## X

THERE IS much misunderstanding in western countries about industrial conditions in China. An idea is entertained in some quarters that foreign capitalism is "exploiting" the Chinese, and especially Chinese labor, in a ruthless way. I find little to justify that assumption. The facts are rather to the contrary, for foreign influence on the development of modern industrialism in China on the whole has improved the status and outlook of the toiling Chinese mass.

This subject has several aspects. One side is moral. Another is political. Another is its economic results. When doctrinaires in western countries talk of "exploitation" of Chinese by foreign capital they stress the moralities involved and the political consequences rather than the economics of the matter. All are interdependent.



Modern industrialism in China is a new thing; it is scarcely twenty-five years old. Labor in China is a very old thing, as old as the Chinese race, as old as human existence.

I suppose the most sensitive international sentimentalist will not blame foreigners for labor conditions that existed in China before that country's contact with the West commenced, and China's contact with the West is hardly more than a century old. Introduction of foreign capital there to any important and influential extent began less than fifty years ago.

A glance backward may give us a perspective. For many centuries, from beyond the scope of authentic history, the Chinese mass have existed by moiling labor in a perpetual struggle for bare existence. Men, women, and children worked almost incessantly to keep body and soul together. As far back as anything really is known about China, the manufactures of the country were largely on a household industry basis, and in more recent times partly on a small factory basis. Wages, when industry was on a direct wage status, were a pittance so small that today we can hardly imagine people being able to live on them. Such matters of course are comparative. Everything was cheap. As civilization advanced and culture made headway, manufactures in China kept pace, arts developed, and with the growth of a prosperous (but not very numerous) middle class, articles of luxury and comfort were introduced. Parts of the country became noted for particular products, and in the exchange of local products a large internal commerce grew. Little by little, as in western countries, the standard of living rose, and wages rose in proportion.

Even in the time of my knowledge of China, prices and wages have seemed ridiculously low. Fifteen years ago a first-class household servant (Boy) could be had for about



five dollars United States currency a month. A proportionate standard held good for every form of service and labor. It was not fixed by foreigners, but by living standards and the law of supply and demand in China as they had been operating for countless centuries. The few thousand foreign traders and missionaries in China could not have suddenly changed those standards had they tried to, and on occasions when they did make efforts in that direction, there usually was a row because of their unsettling effects on Chinese life and business.

Modern industrialism in China started for two main reasons. One was the development of a considerable market in foreign countries for Chinese products. The other was that astute foreigners and Chinese saw the opportunity which a low wage scale, and other conditions there, provided for the manufacture in that country of articles hitherto brought exclusively from abroad. This was the situation: A product largely consumed in China was made in Europe or America under the manufacturing standards of those lands. The goods then had to be transported to China, pay an import customs duty, and be marketed. It was evident that by building a factory in China for the making of that article, and using Chinese labor, eliminating part of transportation costs and the import duty, a saving might be made. In promoting those enterprises the foreigners did nothing intentionally to alter wage and living conditions. Foreigners would take the wage scale as it stood, figure the capital needed, the cost of operation and production on the existing standard, and start their enterprises.

From small beginnings the transition from little factories and household industry to large factory production went on. The Chinese commercial and financial world became interested. Not far away, in Japan, the same process was taking place, a little more advanced than in China.



Fundamentally there seemed to be no reason why a piece of cotton cloth should be made in Lancashire out of raw cotton grown in America or India, brought halfway around the world to China, and there sold to Chinese, when it is possible to grow the raw cotton in China, manufacture it into cloth there, and sell it cheaper, at the same time building up the internal economies and self-sufficiency of the nation. There seemed to be no fundamental reason why commodities made in Japan out of raw materials brought from America or India should control the market in China when it is just as easy and perhaps more economical to make them there.

At first it was almost entirely foreign capital and initiative that caused the shift. Now foreign participation is falling into the background, and Chinese are starting modern industries of their own motion and with their own capital. They do not always succeed. Foreigners do not always succeed either. In the beginning cotton mills in China were organized and financed and operated by the British. Now most of them are in Chinese and Japanese hands. The same thing occurred in other lines of manufacture. The white people are being squeezed out. One can hardly doubt that in time the Japanese will be pushed over the margin, too, if purely economic factors control.

Nothing very remarkable or unusual has taken place in the course of changing industry in China from the old to the new basis. The evolution there takes almost exactly the same course and exhibits almost exactly the same reactions as the growth of factory and mechanical industrialism in the West. It is the old fight of capital and labor over again in a new atmosphere. There is nothing new in principle. Only the comparative standards are different.

The World War had the same broad effects on wages and living standards in China as it had in America and Europe. The proportionate rise is almost exactly parallel.



Wages in China now average about double what they were in 1914; in places they have more than doubled. Everything which one buys, and uses, and does, costs two to three times more than the same things did in 1914. Figure what happened in those years in America, and China can duplicate it in proportion. At Shanghai in 1914 I paid my personal servant (a perfect valet) approximately five dollars United States money a month. He kept himself and a family on that. The same Boy now gets the equivalent of fifteen dollars a month. In 1914 I had a good chauffeur whom I paid the equivalent of six United States dollars a month. He never thought of objecting to coming to work early and staying out late. Now good chauffeurs get from twenty to thirty dollars a month, and they refuse to work overtime unless they get extra pay. Wages of factory workers and all kinds of labor have risen proportionately.

Costs of living have gone up for the Chinese in about the same proportion as wages. Their economic condition relatively is no better, except as their comforts are more numerous and things are possible to them that were impossible before. In its moral aspect, this change amounts to the same thing as our American factory worker with his Ford car and phonograph and the movies twice a week, in comparison with his position fifty years ago. Are Chinese laborers better off than they used to be? Well, are British and American laborers and factory workers better off in a time of mounting wages and new standards of living than in former times? Are the flivvers and the talking-machines and the movies and sanitary tenements and factories making life better for our industrial workers? Are an occasional movie, a little better and more abundant food, some cigarettes, a well-lighted and ventilated factory, and a few new comforts and pleasures,



making life better for Chinese workers? It is the old argument over again.

Any one who has gone about China much will have observed the conditions under which household industry and small Chinese factory production have been carried on: primitive methods, poor lighting (this is one cause for excessive eye-disease among the Chinese) and bad sanitation, children hardly more than babies set to hard tasks, often in uncomfortable postures, old men and old women laboring from dawn to dark—a constant struggle for a bare existence.

Should foreigners let it stay that way? Or if foreigners had done nothing to introduce change and a new system, would the Chinese have let things go on like that perpetually and closed their eyes to possibilities for material betterment and development which lie in adopting modern methods? That was not the case in Japan, and foreign capitalism had little influence in “forcing” our industrial methods on the Japanese.

The ethical side of this argument is illustrated by the child labor question, which for several years has been an acute issue at Shanghai. A group of English social workers (including some very energetic and undaunted women) made a survey of conditions in Shanghai factories. They discovered that thousands of women and children work in the cotton mills and silk filatures and cigarette factories, and what not. They learned that most of those people work ten and twelve hours a day. An agitation was commenced to get a foreign municipal by-law enacted, shortening the factory hours and forbidding employment of children under a certain age and in certain conditions. The argument raged for months. Voluminous reports were printed, and many pamphlets. The reformers enlisted support in their home countries and conducted a strong propaganda there depicting capitalists and employers at



Shanghai in an unfavorable light. They succeeded in getting enough support to have a by-law proposed, which in 1925 came up before a special meeting of the rate-payers. The rate-payers defeated the by-law by staying away from the meeting; there was not a quorum. But the reformers have by no means given up the fight. That by-law will come up again.

What are the ethical merits of this contention? The foreign International Settlement comprises only a part of Shanghai, about one-fourth its total area. The first large factories built there were in the International Settlement, strung along the Whangpoo River. With further development the factory district spread out into Chinese territory, and now there are probably more modern plants outside than inside the foreign concessions. Suppose it is made illegal for factories in the Settlement to employ children except under prescribed conditions, or not at all. What is likely to happen?

The economic condition of Chinese factory workers requires in nine cases out of ten that all members of a family shall work. This has always been so in China; fundamentals were not changed by transferring the place of labor from a dark, smelly, and unsanitary Chinese home to a well-lighted, ventilated, and fairly sanitary factory. (I do not want to convey the idea that the modern factories there are ideal places to work in.) The mite the child workers earn ekes out the family income; it is needed. Just outside the Settlement, maybe only a few hundred feet away, are cotton mills and silk filatures and other factories. A by-law cannot be enforced outside the Settlement. The entire remainder of the port area, and all of China, will not be affected by such a regulation. What is likely to happen, then, to children prevented from working inside the Settlement? It is probable that they would be taken by their parents a little distance away and put



to work in another factory outside the Settlement's jurisdiction. Or it might be that places could not be found for them that way, and then they would be set at tasks at home. Will that work out a real benefit to the children and to Chinese industrial workers?

The argument of reformers is that children of certain ages ought not to labor, and that foreigners in China ought to set an example to Chinese by introducing in places within their jurisdiction the standards which they apply at home. In theory that argument may be right. But does it work advantageously in practice? One result of such a by-law might be so to handicap factories inside the Settlement that they would close and cause a large capital loss, and for the time put many people out of work. And of what use is it for foreigners to tinker with those conditions in the Settlement when a few years may find the areas turned back to Chinese administration? Chinese commercial and financial organizations and Chinese labor unions protested against that by-law as unwarranted and unintelligent foreign interference.

From an ethical viewpoint there is no good case against foreigners in China on the score of industrial "exploitation." The moral balance stands.

Economic results of the introduction and development of modern industrialism in China have two sides—effects in that country and effects on other nations. Foreigners are almost entirely responsible for bringing modern industrialism to China; therefore they are estopped morally from complaining at whatever eventual results to them and to their nations may come from that action. But it is pertinent to state and to remember that even if foreigners had not brought large factory and mechanical production to China, it is as sure as anything can be that Chinese would have done that. I think the shift from old to new methods of production in China was inevitable. It was im-



possible for that nation to build an economic wall around itself and remain forever a thousand years behind the rest of the world.

It is probable that Americans are interested in China more as a selling than as a buying market, and effects of development there of modern industrialism on a big scale on the selling market for foreign commodities may be serious. In some quarters a theory is entertained to the effect that it should be a definite policy of the great manufacturing nations to hold back modern industrialism in China and to retain control of China's fiscal affairs with the purpose of exploiting that country as a selling market for foreign goods. But what of foreign capital which goes to China to start modern industries because it is believed that articles can thereby be made and marketed more cheaply and compete successfully with foreign-made goods there? Some such products can compete anywhere. In that case capital of a foreign nation goes to China to finance industries in competition with its home industries. Assume that a firm in America makes an article which it sells in China. A representative of that firm makes investigations and discovers that by building a factory in Shanghai it is possible to turn out identical articles at half the cost of producing them in America. Should the American firm build a factory there, send out its technical experts to manage it, and produce there for the China and Asia trade? Those articles may not be quite so good as those made in America, but they will be good enough to satisfy Asiatics at a slightly lower (but more profitable) price. That process is a form of "dumping," a term to describe the selling of American products abroad at reduced prices and thereby avoiding a break of prices at home. Our protective system and high labor costs and general prosperity may keep up prices at home, but so far we have not been able to prevent dumping of American-made articles in



foreign countries. For American manufacturers to build factories in foreign countries to supply demand abroad, making use of cheaper labor and raw materials, and reducing transportation costs, is getting to be common. Ford has established an "assembling" plant in Japan, and I understand that one would have been created in Shanghai before this time but for disturbances in China.

It is understood of course that there is a definite relation between what is termed labor movements and political action of governments in these times. The position of labor as a political force in western countries is well established. Every shift and turn of labor conditions, every strike and threat to strike, carries a political problem. The perceptible political influence of labor in China began about 1924. Since then it has developed amazingly.

China has been rated an agricultural country, with people making for themselves most of the things they required for a simple existence. There are persons now living in America who can remember a time when the housewife and her daughters wove the cloth and made the clothing for the family, and when the husband and sons made most of the furniture and utensils used by the family. China was like that, and this country might have gone on that way for centuries longer had not foreign commerce forced its way in, bringing ready-made many commodities suitable for Chinese customary use and thousands of novel articles which the Chinese had never seen before. Still, Chinese manufacturing went along much in the old-fashioned way until the introduction here of the modern western factory system. That brought centralized industry to China. Labor strikes on a large scale were not possible with household industries and small factories. There were labor guilds (unions) long before large factories were built. Usually they were local and had the form of combinations of laborers in certain occupations to resist oppression.



Their existence had practically no political significance, except that if a mandarin could not keep order and tranquillity in his district he might lose his office.

That condition is passing; one may almost say that it is gone; and in China today organized labor has a powerful political influence. Events provide ample evidence of that.

There are two main reasons for the change. One reason is found in the big factories, which for the first time in China brought together thousands of workers so they can touch and communicate daily. In these circumstances it was inevitable that workers should begin to comprehend their common condition, how certain things affected all of them, how, in fact, they all were "in the same boat." Chinese workers, except some classes of mass coolie labor, had never thought in those terms before. In big factories the workers began to think collectively. Once that condition was established, a way was opened to reach Chinese factory workers with political propaganda. That is the other main reason for change, and it produced effects which are felt now in the political atmosphere of the nation and which, I believe, will be felt more and more as time passes.

It is a fashion of the moment among foreigners in China (and it serves diplomatic motives of some foreign governments to emphasize the argument) to ascribe to Bolshevik propaganda this turning of Chinese labor into a political force. Certainly Soviet agents exerted a strong influence in causing the shift, but they did not do it all by any means. Next to the Bolsheviks, perhaps of equal or stronger power, are efforts of foreign reformers (principally British and Americans) to improve the state of workers in China.

Take the Bolshevik propaganda. That, as I analyze it, was introduced for political reasons exclusively. The Bol-



sheviks care nothing about improving the condition of Chinese factory workers. They saw the political opportunity which lies in labor and industrial evolution there, and in some conditions which plausibly can be laid on the doorstep of foreigners, especially of British and Americans. The modern factory system was brought to China primarily by British, and secondarily by American, enterprise and example. Much of the original capital came from those nationals. Therefore in Bolshevik propaganda those were the "capitalistic nations" which intended to "exploit" the Chinese for the profit of foreign capitalists. The idea sank in. Labor always has been a commodity in China. It is the most plentiful and therefore the cheapest thing that enters into industrial production. A line has always been drawn between masters, or managers, and workmen. Even in small Chinese factories under the old system a workman would seldom cross that line. With the introduction of modern industrialism, foreign technical experts and superintendents and managers were put in charge; thenceforward a still more rigid line was drawn between foreign and Chinese employees. The foreigners received, in comparison with Chinese, enormous salaries, and enjoyed special privileges and perquisites. It was difficult for Chinese to rise to positions of authority in factory management and operation. The foreigners took the cream and left the skimmed milk for the Chinese.

I do not imply that in the beginning of modern industrialism there any other course would have been feasible. Modern industrialism in China scarcely could have started in any other way. The Chinese then did not have the technical skill and experience to manage such projects. But when thousands of young Chinese who had studied engineering and industrial management in America and Europe returned home expecting to follow such occupations there, they encountered the previously mentioned



condition. How it would affect their political thought is evident.

Bolshevism had nothing to do with creating those conditions; their foundations were laid before Bolshevism was heard of. It is as logical to attribute strikes in England, Australia, France, and America to Bolshevism as it is to regard that as primarily causing labor troubles in China. Probably there is some relation between Bolshevik doctrine and labor agitations in all countries; but we had labor troubles and strikes long before the revolution in Russia set up a new lot of socialistic ideas, and if we think a little we shall realize that we should have them now if the revolution in Russia had not happened. But the trend of this industrial evolution in China, aided by some foreign attitudes and policies, has enabled Soviet agents there to preach political revolution along with theories of labor betterment. Long before the Bolsheviks came to China, altruistic and labor groups in England and America had cast their eyes on that field as ripe for reform and for inclusion in the world-wide social revolution. Men like Bertrand Russell and Charles Edward Russell went out to teach a new doctrine. They were followed by other western reformers, including women, who began a propaganda there to clean up the factory system, to bring it up to the latest standards in America and England, and to abolish child labor in factories. In that way Chinese workers are having ideas pounded into their minds which, if they are to become realities, require political action.

One perceives effects of this tendency also with Chinese capitalists and manufacturers. Chinese labor is no longer docile, content to work for a bare living wage. Now they (spurred on perhaps by the Bolsheviks) demand what they think they ought to have, and lately they are beginning to distinguish how and from whom what they want is to



be obtained and how to put pressure there. Chinese capitalists who have gone into large manufacturing are feeling effects of this new idea, and they blame the foreigners for having introduced it. They begin to understand how the position and influence of foreigners, and policies of foreign governments, relate to these questions. That requires political thinking of a sort. It is compelling the Chinese bourgeoisie to reflect in terms of national trend and reconstruction. It also carries the germ of the "protection to national industries" idea and its relation to China's international status.

An important, although now almost intangible, influence on this phase of political evolution in China is what is termed the "Mass Education Movement." This movement started in Shantung province, the home and burial place of Confucius. It originated principally with Chinese who were in Europe with the war labor battalions, and probably had its inception in political ideas obtained there. This movement now is organized on a nation-wide basis. Its program is extensive and far-reaching. It aspires to establish a common written and spoken language in the nation. It has devised a system of pamphleteering, publicity, lecturing, reading clubs, army education, rural education. It is the first organized attempt on a popular scale to educate the Chinese mass. Its propaganda especially is designed to reach the lower strata. Prominent among its declared objects are training for true citizenship, unification of the nation, and full restoration of China's sovereign rights. It was principally through that organization that, following the shooting incident of May 30, 1925, at Shanghai, the strikes were started which tied up the port, and, perhaps for the first time, labor classes were shown and induced to act on a relation of them and their work to a national patriotic impulse. It is easy to assert that strikes in China were



organized and kept alive by the Bolsheviks, but I think that is a superficial view. I believe that Bolshevik agents are quick to see and to act on the opportunity provided by such events. But their activities do not explain those events.

It is certain that an association has been established of modern industrialism in China and its inseparable element, labor, with the new nationalism and other political currents. That association has caused some extraordinary and, to balanced observers, impractical and injurious attempts to apply communist and socialist principles to industry and to politics. Those efforts may indicate that Chinese labor is heading toward anarchy, or they may be only a phase of transition from a very low economic and political stratum to the one next above.



# **PRIVILEGE**

**EX TERRITORIALITY  
INTERESTS  
PROTECTION**



# PRIVILEGE

## I

**F**OREIGNERS claim to have certain "rights" in China. Chinese assert that foreigners do not have any rights there; they have only privileges. It is a nice distinction, but important. Privilege is defined as "a right or immunity granted as a peculiar benefit, advantage, or favor." Some rights are said to be inalienable. Privileges never are inalienable. They may be withdrawn by the same authority that granted them, or lost for many reasons, as by abuse. "Abuse of privilege" has a recognized meaning.

Privileges, or rights, of foreigners in China depend fundamentally on the status of extritoriality. And in extritoriality lies the wellspring of China's national awakening.

Extritoriality, like Topsy, "just grew," as the English common law did on which our American jurisprudence is largely based, as international law did, as civilization did. It grew out of the widening contacts of peoples, and particularly of nations, and their efforts to trade peaceably with each other. It was created by the sea rovers of Europe and their fellows of other lands. It was a logical successor of the age of piracy, when it had become necessary to establish some kind of legal status for commercial and other contacts with the so-called barbarian and uncivilized peoples and states, when organized governments felt the need of exercising authority over such subjects as went overseas and carried with them the theoretical protection of their flag.



It is interesting that almost without exception the states and tribes to which extritoriality was applied were more desirous of it originally than were the nations taking extritorial positions. The early sea traders of Europe were rough and ready men; they were accustomed to carry their own law with them and to apply it somewhat ruthlessly. Violent collisions with the "barbarians" were frequent. There were many massacres. Prisoners were enslaved, perhaps later to escape, or to be ransomed or exchanged. Ultimately the barbaric nations were willing to adopt a method whereby the greater European governments took responsibility for the conduct of their nationals in foreign parts.

The first extritorial treaty was between Turkey and England in 1675, and in 1689 Russia established that relation with China. In the nineteenth century extritorial status was established by treaty in Serbia, Egypt, Tripoli, Morocco, Tunis, Muscat, Senna, Persia, Kashgar and Yarkund, Siam, China, Korea, Japan, and with islands of the Pacific. It will be noted that in all cases extritoriality was applied in oriental countries or to peoples of Asiatic and African stock. Thus a line was drawn distinctly between oriental and occidental civilizations. That is significant. That distinction lies at the root of trouble about the foreign position in China today, for China remains the only considerable nation where extritoriality has not been given up.

The principle of extritoriality is simple. It means merely that foreigners remain under the jurisdiction of their own governments when in extritorial regions. That is, an American in China must regulate his conduct not by the laws of China, but by the laws of the United States. If he transgresses, he will be tried by American authorities. If he is sued, it must be in American courts. If he is in one of the "treaty ports," or foreign residential con-



cessions, then China police may not arrest him; and if he is outside any of those concessions and is arrested by China police he must be turned over to American authorities at the nearest foreign concession or treaty port to be punished or dealt with. Nearly twenty nations have extritorial position in China.

In the beginning, extritoriality was founded on common sense. By mutual agreement the western and the oriental governments recognized the fundamental differences of their institutions, customs, habits, religious views, legal processes, punishments. It was something of a relief for oriental governments to be able to shift their responsibility for controlling the foreigners to the foreigners' own governments. That was especially true of China. Beyond doubt the extritorial treaties were and are "unequal," as New China now protests. For while westerners in oriental countries were under their own laws, the same privilege was not extended to orientals in western countries. Orientals in western countries have had to submit themselves to the laws of those countries.

But in regard to China (and the case of China constitutes now practically all that remains of the system as a serious international issue), it is worth noting that at the time extritoriality was established there the Chinese cared nothing about making the status mutual. The Chinese then had a contempt for the western nations; they regarded them as inferior in culture and civilization, and, except for a few merchants and coolies, they did not want to visit or to live in western countries. At first the Chinese did not even want to trade or have any intercourse with westerners; those contacts were forced on them, as was also the case with Japan. After trade relations became established at Canton, the foreigners were limited to a specified district (the factories), and relations with them were circumscribed. Thus the idea of segregating foreign-



ers, of setting them apart, originated with the Chinese, and was evidence of contempt for foreigners and of a belief that they were unfit to associate intimately with Chinese.

When China was forced in the treaty of Nanking (1842) to open Shanghai and a few other places for foreign trade, again it was the suggestion and insistence of China that foreigners should not be permitted to reside in the Chinese cities, but must live and carry on their commerce on land set apart for them near the Chinese cities. That is the origin of the foreign residential "concessions," and it is interesting now to recall that at first the foreigners protested against that arrangement and wanted to live in the Chinese cities. So there is abstract justice in the contention of foreigners that in wanting now to end extritorial status and to restore the administration of foreign settlements to China's sole authority, the Chinese are inconsistent. "But," says New China, "conditions have changed." It is plain that in respect to these propositions, Chinese have changed their minds. The change of mind commenced when the first young Chinese student went to attend college in America and Europe and learned things there that altered his outlook. Since then the shift of psychology has been fed from a thousand sources and Chinese see that instead of being in an inferior position in China, some foreigners there have a preferred and privileged position. Chinese now look about the world and see that theirs is the only important country where extritoriality survives. Japan rid herself of it thirty years ago. Siam is getting free of it. Turkey rose from the depths of defeat to fling it off practically by ultimatum. The connotation is evident. When the Allies of the World War forced matters in China so as to cause Germans, Austrians, and Russians



to lose their extritorial privileges, the system was undermined.

## II

VERY CONFUSED and divergent ideas and opinions are held about extritoriality in China. Primarily one is confronted with two points of view, Chinese and foreign, which represent different theses; but all Chinese do not think alike about this question, and there is much difference of opinion among foreigners there.

One ought to comprehend what extritoriality includes. I have often been impressed with the vague understanding of that among foreigners who live in China. After listening for many years to comment of those foreigners on this topic, I think that most of them have little comprehension of what extritorial status is and what it actually does for them. They believe it protects them in ways it really does not, and consequently they have apprehensions regarding its abolition which are exaggerated or wholly unjustified. In truth extritoriality does little more than guard (in the sense of putting them under the laws and administration of their home governments) the persons of foreigners. Presumably it assures them a fair trial if they get into court and humane punishment if they are convicted. Most foreigners feel safer under extritoriality because they know something of the laws of their home countries and therefore are less liable to infract them unwittingly or to make mistakes about the legality of business transactions. The foregoing applies to people who try and want to observe the law; the "shady" elements among foreigners in China sometimes would like to be exempt from home authority, and some go to China to escape from it.

A majority of foreigners in China believe that extritoriality gives protection to their business there. I think that is dubious although there are instances when it may



be so. Any relation of justice to business is in the form of civil cases in the courts. And there it is evident that extritorial status gives foreigners only a limited protection, if indeed it gives them protection at all. The processes of justice in foreign settlements are described and analyzed in detail later; it suffices to say here that in business disputes between foreigners having extritoriality and Chinese, if the foreigner is plaintiff the case goes into a "mixed" court, and if the Chinese is plaintiff the case goes to a foreign court. Of fifty or sixty foreign nationalities having citizens and subjects living in China, less than twenty have consular or diplomatic representation there and not all of those have extritoriality, and it never has appeared that those foreigners were handicapped in business by the lack of it. But of ramifications of export and import trade of China the preponderance of transactions are outside the treaty ports and foreign settlements, and extritoriality does not cover foreign interests except as to the persons of foreigners. If a foreigner has a business claim against a Chinese outside the treaty ports and concessions, he must depend on Chinese justice to satisfy it, or failing to obtain satisfaction that way, the matter goes into diplomatic channels to be adjusted by negotiation. The foreign firms that have been most successful in China are those which have pursued the policy of adjusting business disputes with the Chinese by compromise and arbitration—methods long used in China, if they were not invented by the Chinese. There are few instances of foreign firms' getting satisfaction, in the long run, by bringing their Chinese dealers and customers into foreign courts or through a long process of diplomacy. Commerce depends on good will principally. It is questionable if the foreign trade of China, and especially that portion of it which occupies foreigners, can continue to develop under conditions that cause ill will. Foreigners



may possibly win (although that is doubtful) more law-suits under extritoriality than they would under Chinese law and in Chinese courts, but they may not do as much business that way.

I am familiar with the complaint regarding the difficulty of foreigners' getting justice in oriental courts. It is probable that there has been more complaint on that point concerning courts in Japan than anywhere else, but if foreigners feel (and often they do) that they are at a disadvantage in Japanese courts when the opposing litigants are Japanese, they have to stand it and adjust their business risks accordingly. Inequities of that character have a way of working out their own remedies. In Japan the alleged favoritism of the courts for Japanese as against foreigners in business litigations led logically to the foreigners' protecting themselves by putting the business on a cash basis. A few years ago that condition was so bad that there hardly was a native firm in Japan that could purchase commodities abroad without depositing funds in foreign banks to cover them before the goods would be shipped.

Once I went over a newspaper file in Japan that was published when the abolition of extritoriality there was being discussed, and the arguments against the change were almost exactly the same as those used about China now. Doleful predictions of what would happen to foreigners in Japan and to foreign trade with that country were made. What has happened? The sale of foreign goods in Japan has increased more than twentyfold since extritoriality was abolished, and Japan's export trade has increased in the same proportion. (That is not cited as proof that it helped trade to abolish extritoriality, for that probably had little effect on trade.) Less of Japan's export and import trade is transacted by foreigners in Japan now than formerly. The change is due to economic



processes and a growing knowledge of the Japanese about the way to conduct foreign trade. It can be expected that the same thing will happen in China (it commenced some time ago), but extritoriality cannot protect the foreigners in that evolution, and its continuance may accelerate the Chinese in taking the conduct of their commerce from foreigners and managing it themselves.

There is this difference in the cases of Japan and China: when extritoriality ended in Japan, that nation had a fairly sound and stable government, while in China government is weak and unstable now. In regard to Japan there is no question of trying to intimidate that government about its domestic administration and exercise of its sovereign powers. Japan is armed. If foreigners do not like to live there, they can move away. If foreigners suffer from Japanese injustice in business matters, they must equalize the added risk by bringing to bear at some point the rule of economic compensation.

More white people are living in China without extritoriality than with it. There are about 100,000 Russians in China, perhaps 3000 Germans, a few Austrians, and a scattering of Europeans whose countries never obtained extritorial status. Many of the Russians are "white" refugees (as distinguished from adherents of the Soviets), who arrived in China indigent and who remain, for the greater part, poor. But their economic condition is in no observable way caused by lack of extritorial status. Some 30,000 white people in China still have extritoriality, and many of those are alarmed by the prospect of having to give it up. That alarm is more emotional than reasonable.

An example of vagueness about extritoriality is contained in an account from a correspondent in Szechuen province published by a Shanghai newspaper in 1926. I will quote from it:



The magistrate of the city was called on [by the military] to produce a certain sum promptly, and he sent soldiers and yamen runners to the Young Brothers banking company to demand \$40,000. They were referred to a German citizen, Mr. Bahnson, who is employed by Young Brothers, and he refused payment. The yamen runners and soldiers then proceeded to enforce their demands by carrying off seven Chinese clerks to the yamen, and stationed a guard at the bank who kept close watch on the Chinese manager and the foreigner. They were not permitted to send telegrams or to appeal for help but were kept awake all night and were threatened and mistreated and tortured in various ways until finally, toward the end of the second day, the Chinese manager was put in chains to be taken off to jail. When the foreigner sought to prevent that he also was threatened with another set of chains, was abused and cursed until finally he thought it safest to pay over some of the money demanded—a total of \$20,000 being handed to the soldiers.

The foreigner had been told that he, as a German, had no power to resist them, his guards spat in his face, and in general gave him two days of what must be called the "third degree," with result that they got what they hoped for. Those who know something about the temper of Szechuen soldiers and yamen runners and the conditions in Szechuen today will admire Mr. Bahnson's courage in sticking out as long as he did.

Just exactly what do those who have been agitating for the abolition of extrterritoriality have to say in a case like this? General Sun is said to have apologized for the way the Chinese manager and the foreign agent were treated and promised to see to it that the money will be repaid. Whether that will be done remains to be seen. In view of the general friendliness that has been shown to foreigners in this city of late, the treatment accorded to a German who enjoys the "privilege" of being unburdened by that allegedly questionable safeguard of extrterritoriality is the more significant. We believe some of the theorists who are decorating office chairs in Shanghai and lecturing the world about the evils of extrterritoriality would do well to come to the interior and learn a little



about the real China before they waste any more ink on questions still agitating the various powers.

That is the kind of stuff that gets three hearty cheers from a majority of foreigners in China. It is accepted as proving conclusively that extrterritoriality should not be qualified or given up. The "theorists who are decorating office chairs in Shanghai" evidently are missionaries and other foreigners who view extrterritoriality differently. Nearly all missionaries who are on the boards centered at Shanghai, and in America and Europe, had years of service in the interior of China.

On the same day when the previous report was published, the foreign press at Shanghai printed accounts of how in one place an American mission was looted and its foreign personnel was roughly handled and abducted by soldiers or bandits, and how in another place almost the same thing happened to an English mission, and how in another place an American army officer detailed to study conditions in a remote region was kidnapped and held for ransom, and how in still another place two Englishmen were cast into a filthy jail without warrant or good reason. That was reported in one day. All of the foreigners involved in those events had extrterritoriality status. Such incidents happen in China every month in these times.

To revert to that account of what happened in Szechuen province, the banking house with an English name is a Chinese firm, and the German is a foreigner employed by that firm. If the foreign employee on that occasion had been an American or an Englishman, there is no reason to suppose that the action and outcome would have been different. The German did what he could to protect his employers' property and yielded only when his life was endangered. An American or Englishman or other foreigner might have acted in the same way and been treated in the same way. The point is that extrterritoriality has no



direct application to that or to any similar cases. In the case of that German, and in those other instances I have mentioned, the remedy of the foreigners who were maltreated does not rest on extraterritorial status, nor does extraterritorial status afford protection against such treatment. In such cases of maltreatment of foreigners, their remedy, if any exists, lies in appeal to their own governments through diplomatic channels, and in action of those governments to induce or compel the Chinese government to make reparation. That German, by action of his near-by consul or by the German minister at Peking, really had a better chance to get suitable reparation than an Englishman or any other foreigner, except possibly an American, would have had, because Chinese are not aroused against Germany as they are against some nations.

Some interesting conclusions regarding extraterritoriality in China can be drawn from experiences of Germans in that country since they lost that status. First consider the psychological influence of that loss on the Germans themselves. A stock argument (rather it is an assertion usually made very positively) of a large foreign element in China is to this effect: "If extraterritoriality is given up we all might as well pack up and leave China. I don't want to stay here after that."

There are about the same total number of Germans in China now as before the deportations. (It can be recalled in this connection that the Chinese government, not on its own inclination but instigated by some of the Allies, after the armistice was signed in 1918 deported Germans wholesale, a useless and unjust act which most judicious foreigners in China regret now.) A majority of them are the same persons who were there before. When they returned to China they understood that henceforth they would be subject to the laws and legal processes of



China. Yet they went back and took up their lives and occupations again under generally adverse circumstances apart from the disabilities that might arise from their new legal position. If they felt tremors, they faced the situation with outward calm.

That Germans did not return to China to begin the obviously difficult task of regaining their former place and building up again their shattered commerce and professional work without full consideration of the conditions is shown by an agreement they made among themselves. In view of the uncertainty about how they would fare in Chinese courts, they agreed that in personal and business disputes among Germans they would not go to law, but would submit their differences to the decision of a private board of arbitration composed of Germans. That plan has worked very well so far. In regard to civil actions there has been, I understand, only one instance in five years when it was necessary for a German to invoke Chinese police authority and law against another German, and in that case the Chinese acted promptly and effectively.

In regard to acts of Germans which bring them under the process of civil actions initiated by Chinese, or vice versa, those matters are taken up by the German Chamber of Commerce with the Chinese General Chambers of Commerce, and up to 1927 a compromise and settlement had been made out of court in all cases.

In regard to acts of Germans which bring them under the process of Chinese criminal law, some cases may be noted. All Germans living in China are particularly warned against actions which may lead to criminal prosecutions. They are very careful in their conduct not only with Chinese but also with foreigners. That, I take it, is not altogether a bad thing. It was annoying to foreigners in Japan to change their habits after the loss of exterritorial



toriality there, but they did change, and nowadays they conduct themselves with circumspection. A foreigner thinks twice in Japan before using violence or losing his temper in disagreements with servants and Japanese of the lower classes, or of any class. A German in China now thinks three times when in exasperation he feels inclined to chastise a stupid or insolent Chinese servant or coolie.

In 1926, I think it was, a German was walking on a street in Mukden and a group of small Chinese boys (it was a time of anti-foreign agitation) ran after him shouting offensive epithets. Finally, in exasperation, the German turned about and struck at one of the urchins with his walking-stick, not very hard but more as a gesture than with intent to injure. The contact of the stick with the boy was light, but in trying to dodge it the lad fell into a gutter and hurt himself. At first the boy did not seem to be much hurt, but he died not long afterward, and his parents contended that death was caused by that injury. The German was charged with manslaughter and arrested. His trial attracted much attention. He was convicted and sentenced to a few years' imprisonment. I talked with some German lawyers about that case, and they agree that on the evidence, any court might bring in a conviction. Their criticism is that the Chinese judge failed to give due consideration to the mitigating circumstances: that the foreigner had not intended to hurt the boy, that he did not mean actually to hit him, but only to scare him, and that it was not the blow but the fall which presumably caused death. I do not think such a case would cause much comment in America. The difference of that case as it was, and as it would be if the German had extraterritorial status, is that under extraterritoriality the Chinese parents, knowing that their suit would go into a foreign court, in ninety-nine cases of one hundred would have been satisfied to receive a modest



cash compensation for the child's death. Many similar cases have been settled that way.

Another case is that of a German physician whose Chinese patient died after an operation. The patient's family brought an accusation of criminal malpractice against the doctor, who, I believe, had to pay to extricate himself. By the evidence that doctor did everything possible to save the patient, and the death was unavoidable. Yet under an old Chinese law the doctor was held responsible for the patient's death. How that decision affects German physicians practicing in China is evident. Some German doctors have a fine practice there, and Germans conduct a number of hospitals. They are in a dilemma, but a way has been found to minimize the risk by requiring Chinese patients and their near relatives to sign legal papers exempting doctors from criminal and civil prosecution because of results of treatment given. German doctors are philosophical and go on cheerfully enough. They believe that in a few years all foreign doctors in China will be in the same position. Furthermore it is probable that if extrterritoriality is abolished, the Chinese government will do what most other governments do, and limit or put restrictions on foreign professional practitioners of all kinds. The best that farseeing professional men and women there hope for after they lose extrterritoriality is that the treaty will provide that those already established in China be allowed to continue practice without discrimination against them in favor of Chinese professional practitioners. And I observe no disposition among responsible Chinese elements to object to that; indeed intelligent Chinese want the foreign professional people to remain in China for some time at least, because they realize that this is of benefit to the Chinese. In time the Chinese want and expect to be able to supply their own scientific and legal needs.



In cases where Germans have been forced to appear in Chinese courts as litigants, the observation of German lawyers is that Chinese judges seem so anxious to show that they are not afraid to apply Chinese law to those foreigners that, if anything, they are too strict in sticking to the letter of the law. They seem to fear being criticized for treating foreigners more leniently than Chinese are treated in the same courts. That is a psychological reflex of political conditions. Germans I have talked with observe this tendency, and therefore they have become chary of having any of their affairs of that nature aired in the press. An effect of publicity given to the cases I have mentioned, and the effort of the foreign press in China to show, for purpose of argument against giving up extrterritoriality for other foreigners, that injustice was done to those Germans, reacts adversely on Germans by rousing a popular psychology that causes Chinese judges to "lean backward" lest they be criticized. If a case is given no especial publicity, a Chinese judge will very likely do his best to decide it on the merits; but if an outcry is made about it by the foreign press, then the judge is in a position where the least indication of leniency to a foreigner may embarrass him.

Germans say that their situation without extrterritoriality is mitigated by the existence of foreign residential concessions and by the fact that many other foreigners still have extrterritorial status. By living in the foreign settlements (as most of them do), Germans in China have the same social conditions and police protection that other foreigners have. Also, on the psychological side, the fact that whatever happens to them because of loss of extrterritoriality will be contrasted with the situation of other foreigners does now ameliorate the way Chinese treat them.

Germans in China are of the opinion that loss of extrterri-



itoriality does not affect their business materially. Because of the forementioned contrast, Germans have a somewhat favorable position in the eyes of Chinese which offsets disadvantages. A German official at Shanghai whose position relates particularly to trade told me in 1927 that disabilities to German business in and with China are caused more by adverse economic conditions in Germany than by conditions in China. It is doing fairly well anyhow.

### III

MANY people think of extritoriality as identical with foreign administration of residential areas in China. That is not so. Extritoriality is coextensive with the whole territorial domain and sovereignty of that country. It could exist if the foreign administrative areas were abolished. On the other hand, the foreign concessions could exist if extritoriality were given up.

Extritoriality is personal. It follows a person whose nation has such a treaty wherever in China he happens to be. The fact that the status operates inside as well as outside the "concessions" apparently causes many people to connect the two things and to assume that the position of foreigners in the settlements rests on extritoriality.

The foreign settlements, or "concessions" so called, are distinctly outlined bits of China's territory where now, whatever may have been the original intent of the treaties, foreign authority is practically absolute. Foreigners living in any of those settlements do not need to invoke extritorial status to be outside the processes of Chinese law. Chinese law cannot reach even Chinese living in the settlements until there is a process by a solely foreign authority. The settlements are governed by foreigners under foreign-made laws. They are situated in China, but they are not under the government of China.

It is conceivable that foreign residential areas in China



could be given a unilateral status and put under an authority and code of laws agreed on by the powers and a Chinese government. Jurists have recommended that action in order to clear up confusion caused by existence of extritorial status within the foreign settlements. For in the settlements extritoriality affects the legal relation of foreigners with China very little, but it does complicate the legal relations of foreigners among themselves.

In his excellent work, *The Foreign Relations of China*, Mingchien Joshua Bau, M.A., Ph.D., honor graduate of Yale, Columbia, and Johns Hopkins Universities, a Chinese scholar of distinction, thus outlines some aspects of extritoriality in China:

Having completed our discussion of the history and practice of extritoriality and consular jurisdiction in China, we will now deal with the defects and disadvantages of the system with a view to its eventual abolition. Let it suffice to mention the main issues only. The first defect is the conflict of consular duties. As consul, he must first protect and promote the interests of his nationals. As judge in extritorial cases, however, he is obliged to observe impartiality and administer justice. Not infrequently, either because of bias or a preponderance of duties as protector of his nationals' interests, he fails to do justice. ("Such a practice is obviously contrary to the modern principle of the separation of administrative and judicial functions," op. cit.) Further, consuls are frequently not well versed in law, and because of this limitation in training are often unable to administer justice adequately. The second defect is diversity of laws applied. The Chinese apply Chinese law; the British, British law; the French, French law; the Americans, American law. As a consequence, while the facts may be the same, the law applied is different and hence the decision varies, giving rise to the evils of judicial uncertainty and disparity of judgment and punishment. (De Menil case, U.S. For. Rel., 1909.) The third defect is the lack of control over the plaintiff and the witness. The jurisdiction being personal, the Court has control only over the de-



fendant and the witness of the defendant's nationality. If, however, the plaintiff commits perjury or contempt of court, he cannot be proceeded against. Similarly, if the witness of a nationality different from the defendant should refuse to appear, or, after appearance, should refuse to testify or commit perjury or contempt of court, the judge would be powerless in these matters. On the other hand, should the defendant have a counter-claim or set-off against the plaintiff, no matter how valid it might be, the Court would have no jurisdiction over such cases, it not being permitted to entertain any suit brought against the plaintiff who is not of his nationality. In such cases, the defendant will have to resort to the plaintiff's court for the adjudication of the counter-claim or set-off.

Dr. Bau goes on to enumerate other difficulties about applying extraterritoriality in China, but the paragraphs quoted relate particularly to that phase of the question I am trying to indicate, the confusion caused among foreigners living in the foreign concessions, and also the matter of justice to Chinese living in those areas. Twenty foreign nations now have consular representation in Shanghai, and of those all but two or three have extraterritorial status. Even foreigners there who are without that status are actually under a distinctively foreign government, although in some instances the ultimate disposal of court cases involving them may turn on Chinese law, but, as things have been, on an interpretation of Chinese law by a foreign "assessor." Dr. Bau puts it mildly when he remarks about foreign consuls' also sitting as judges in cases which involve their own nationals: "Not infrequently, however, either because of bias or a preponderance of duties as protector of his nationals' interests, he fails to do justice."

It is notorious that in some consular courts in China the nationals of another nation stand a poor chance to get justice, and Chinese have hardly any chance. Without re-



ferring to statistics, if any reliable ones exist, I venture offhand to say that it happens more frequently that Chinese lack justice in foreign courts in China than it happens that foreigners lack justice in Chinese courts. Because of delicacy of international sensibilities in the foreign areas, I will not particularize foreign jurisdictions which by lending their status and processes to various illicit businesses and occupations—opium, gun running, smuggling, gambling, and what not—are a handicap to orderly administration and a detriment to justice in the settlements. It is impossible to have a single standard of laws or of moralities or of court procedure while extritoriality continues. It covers and shields a multitude of evasions and abuses.

A point I am trying to illustrate is that in the foreign settlements the foreigners are impaired more in their juridical status and position, regarded from the standpoint of customary moralities and interests, by the existence of extritoriality, than the Chinese are. It is doubtful if Chinese come off worse in foreign courts, on the average, than they would in strictly Chinese courts. But very often foreigners do. Some foreign courts in the settlements compare favorably with the best practice in home countries. The American Court for China is one of them. That is a United States District Court, not a consular court; so there is no conflict between a judge's desire and duty as a consul to protect interests of his nationals and his duty of rendering justice to other foreigners and to Chinese. Judge Purdy of the United States Court for China has made a number of decisions which illustrate complications that always arise. An American summoned by the police for violating municipal regulations regarding motor-car traffic set up the defense that only the law of the United States applies to him, and that law conflicts with local regulations. In Shanghai the rule



of the road is to drive to the left, while in America it is to drive to the right. Judge Purdy ruled that he would enforce the local regulations because not to do that would cause endless confusion and probably would lead to many accidents. In the French Concession at Shanghai, where, according to French law, drive to the right is the rule, the local practice is enforced to secure uniformity. That is common sense and is enforced by consular agreement. But any foreign consul and court having extraterritorial status, and whose national law conflicts with local by-laws and police regulations, can refuse to enforce them and can thereby make administration difficult. Frequently some consuls and courts do that.

In another case, the residence of an American in the French Concession at Shanghai was broken into by the French municipal police without a warrant, some gambling paraphernalia were seized, and the American was arrested. The American commissioner held him for trial. In the United States Court, Judge Purdy ruled that in this instance he would not recognize a right of the French police to invade the home of an American without a warrant duly obtained from the American authorities, and also that since the gambling paraphernalia and other evidence were obtained by means which, in United States law, are illegal, he would not admit that evidence. The case therefore was dismissed. (The United States District Attorney, however, at once announced that he would bring another charge under American law.) Judge Purdy remarked that when public safety required enforcement of local regulations and by-laws he would enforce them, even if they are different from United States law, but in cases where a matter of immediate public safety is not involved he will apply United States law. Which is common sense, whatever the Supreme Court of the United



States, if those matters are ever brought before it, may decide.

I believe that foreign settlements in China could be better governed without extrterritoriality than they are with it. By that I do not mean that rendition of them to China would be an improvement. A uniform status and set of laws for the settlements can be instituted without giving up extrterritoriality in the remainder of China. As I have said, there is a distinction and a difference in application of extrterritoriality inside and outside the settlements, although few foreigners in China make the distinction or see the difference.

Often I have been impressed by the divergence of viewpoint and opinion about extrterritoriality as between the foreign business and professional class in China and the missionaries. (Of course most missionaries are within the professional class, being ministers, college professors, teachers, and medical practitioners; but the nominal distinction serves.) Americans who live in China are about equally divided between the business and missionary classes. Formerly missionaries outnumbered the others, but in later years the business class has grown rapidly. I have no exact information regarding distribution of property as between the two groups, but offhand I venture to say that missions and other unremovable property in China used by and for our cultural and philanthropic activities exceeds in extent and value that owned and used by Americans for business purposes. Those groups intermingle socially with agreeable results and as a rule get along amicably; probably as much so as the same elements do at home, or perhaps better, because in the native communities and out-of-the-way places of China the few foreigners are drawn together irrespective of occupational and social congeniality. It is pertinent that a greater proportion of missionaries than business people



live and work in places where foreign succor cannot be had quickly in time of stress, and a large part of missions property is so exposed.

Allowing for the usual exceptions on both sides, American business and professional people in China (the same is true of other nationalities) are strongly opposed to giving up extritorial status and want our government to hold the privilege for them by using force if necessary. Missionaries probably prefer personally to retain extritoriality, but in the face of Chinese sentiment on this question they think it is better to give up the status. A typical viewpoint of foreign business people on this issue can be put thus: "The missionaries mean well, but their political ideas are visionary, and they are sentimental about the Chinese. They have no practical comprehension of this question, or of politics. Missionaries should keep out of politics anyhow."

Two propositions are posed in that statement. One is that views of missionaries about extritoriality and related questions in China are visionary. Another is that missionaries should keep out of politics. Conversely, that viewpoint assumes that opinions of the business group about such matters are practical as distinguished from visionary, and that decisions on such issues ought to be made by practical people.

To me it seems that a missionary in China whose wife and family may be, and often are, living at a distance from any treaty port and entirely outside the scope of foreign military and naval action is as much entitled to have and to express an opinion on a political question which directly affects his own and his family's safety, and the effect of his work, as any other person is. Moreover, anyhow with Americans, men and women who go out for that work do not thereby lose their ordinary status of citizenship. The other proposition, however, concerns the



merit of the question, and it is a legitimate argument. Are views of missionaries about extritoriality visionary? And are views of business people always practical?

It can be said about the missionaries that as individuals and as organizations they have made a study of extritoriality, how it affects their safety in China, their property there, and their cultural and spiritual influence with Chinese. They have made surveys and have published reports. Their groups and conventions and official bodies in China and in the home countries have discussed the subject widely and have adopted resolutions defining their attitude.

Missionaries reason thus: Our work in China is cultural and spiritual chiefly, although it has practical applications in medicine and education, and we cannot work to advantage unless we have the friendly feeling of the Chinese. We would feel more comfortable to go on as things are, but when it comes to weighing our personal security against our moral influence and its perpetuation, if we are forced to choose between them, we must yield on the point of security. Moreover, on the point of security we think our position will be better by giving up extritoriality than by further rousing Chinese sentiment against us by retaining it in opposition to their feeling. Even if the powers should take over the administration of China, what will be the effect of that action on our moral and spiritual work? Our analysis of conditions in the world makes us believe that it is impossible, even if it is right, to get the powers to use force to hold extritoriality. So as a matter of both principle and expediency we favor taking steps to end extritoriality. Is that visionary?

If foreign business people in China, acting either as individuals or as members of organizations, ever have made a survey of extritoriality in its complete rela-



tion to themselves, their occupations, safety, and property, I have not heard of it. Now and then foreign chambers of commerce and other organizations, in moments of excitement or panic, adopt resolutions declaring their positions; but if one tries to go back to the information and thought and reflection which ought to be behind the resolutions, very little is found except loose ideas gathered, as a rule, from casual reading of newspapers and social chatter. The average foreign business and professional man in China does not take the time to read even the data on those matters compiled by his own government. In this he is much like the same type at home.

Business people reason thus: Chinese justice is rotten to the core, and we should not be subjected to its processes. There is no government in the country worthy of the name, and there is not likely to be one for a long time. Good administration and legal protection are needed for business. If extrterritoriality is given up, our position will be precarious. If we do not then have to leave China, our business will probably be ruined. And what will happen to our property? The powers should not entertain the idea of giving up extrterritoriality until China has a stable government. As to Chinese anti-foreignism because of the status, a few warships and a division of troops can take care of that.

Is that a practical solution?

In a broad sense the viewpoints of both the business and missionary groups are practical in that both methods are feasible. Either policy could be worked. Their comparative political practicability requires a weighing and balancing of all the factors.

#### IV

ONE might think, from listening to talk among foreigners living in China about the abolition of extrterritoriality,



that the idea is new. The truth is that extraterritoriality has never had more than a temporary status anywhere, and in the course of events it must end sometime. When it is put that way to many foreigners in China, they usually reply: "I suppose that is so. But extraterritoriality will not be given up in our lifetime." Until lately they were quite sure of that. Now they are doubtful. My opinion is that the days of extraterritoriality in China are numbered, and it is high time to consider, not as an academic question of the future but as an imminent one, ways and means whereby the transition can be made as easy as possible for all concerned.

Chinese are not affected by extraterritoriality as individuals except when Chinese property and business in the foreign settlements get into the foreign courts, and, presumably, Chinese gain by "the white man's justice." The mixed courts do not depend on extraterritoriality for their existence and mandates; they take their charters from the evolution of the settlement municipalities. Rendition of the settlements to China is a different question from abolition of extraterritoriality. In much of the argument about these issues, confusion is created by jumbling them together; but they are distinct.

Not more than two or three million Chinese live in and are indirectly connected with the foreign settlements. That is a small proportion of the population of the whole country. Yet foreigners frequently say that Chinese do not want extraterritoriality ended, because they profit more by it than foreigners do and would suffer more from a change than foreigners would. Those notions spring partly from failure to understand what extraterritoriality is and what functions it performs, but they arise more because effects of giving up extraterritoriality are confused with effects which might follow a return of the settlements to China.



At Washington in 1922 the powers, and China, agreed on a method for abolition of extritoriality. It contemplated a gradual process. The powers were to send commissioners to China to study conditions and report. (It will be noted how the foreign powers, and not China, retained control and supervision even of the approaches to abolition.) Then, with the presumed consent of China, a plan would be adopted and put into effect. It was assumed that twenty or thirty years would be required to complete the shift. The course marked out at Washington will not content Chinese nationalists now. I will reprint the substance of some of my newspaper correspondence published in the summer of 1925:

“New China wants to abolish extritoriality without delay. Its leaders are still willing to do that decently and in order by talking things over with the foreign governments and trying to meet their views in some ways. But it must be China that decides what is done. Furthermore it is an error to assume that this idea of New China runs contrary to the maturer opinion of Chinese. In so far as I am able to sound it, mature Chinese opinion is entirely in sympathy with Young China on broad grounds. It might, however, be willing to take a more moderate course. That depends on whether action by the powers quickly catches up with events and gets in touch with Chinese moderate thought before it is swung over completely to the radical program.

“Many times in the last twenty years I have discussed with able men the question of extritoriality and the means of eventually ending it in China. It is a subject that at one time or another has occupied the minds of statesmen and philosophers who have studied that old nation and who have come into direct contact with it. I recall that ten years ago Charles Denby (son of that Charles Denby who once was American minister to China), who



served with his father in the legation at Peking, later as American consul general at Shanghai, and at times acted as magistrate on special mixed courts in China, prepared a plan for a graduated termination of extrterritoriality, which he allowed me to read. I have not that plan with me, but I remember its outlines. Briefly it was, first, to codify the laws of China with the help of foreign lawyers, then (or simultaneously) to create a college of law in China with a number of foreign professors and lecturers, then to create a number of special courts on which both Chinese and foreign judges would sit and where all cases involving foreigners would be tried.

“What struck me about Mr. Denby’s plan was its simplicity. In later years I talked about it with many Chinese, particularly with Dr. Wang Chung-hui, sometime Chief Justice of China and now a Justice of the International Court at The Hague. Almost all those Chinese found little to criticize in the broader aspects of the plan. Foreigners here have the idea now that there is danger of extrterritoriality being given up suddenly, and that such action would have disastrous effects both on foreigners and on Chinese. The danger of a sudden ending of extrterritoriality lies in a failure or refusal of the powers to do anything to meet modern Chinese opinion on the question. A condition may be brought about under which the Chinese radical party will swing the nation, including the principal militarists, over to a policy of quick recovery of China’s complete sovereignty by ultimatum, as Turkey did. But it is still possible, I believe, to use a gradual and safe process in ending extrterritoriality provided the opportunity is not permitted to slip by.

“Suppose the powers make a new treaty with China to the following effect:

“1. A codification of the laws of China and their publication in foreign languages.



"2. China to create a number of special courts where all cases involving the persons and interests of foreigners will be tried.

"3. China to appoint (under her own authority, and to be paid by her) some foreign judges to sit with Chinese magistrates on those special courts.

"4. Those special courts to be terminated in a stated time (say in twenty years, in case China then wanted to dispense with them).

"5. China to have free latitude in selecting and appointing and dismissing (but not, within the life of the treaty, dispensing with) the foreign judges in her employ.

"6. China to create a Court of Appeals on which some foreign judges would sit with Chinese magistrates and before which court cases involving the persons and interests of foreigners would go. That court to be subject to the same conditions as the special courts previously mentioned. (During the life of the treaty an appeal in such cases might be taken to the International Court at The Hague.)

"7. China to organize a College of Law according to international standards for the purpose of educating Chinese in the theory and practice of modern statutory law and to fit them to be lawyers and judges.

"From talks I have had with eminent and foreign-educated Chinese I believe that the Chinese entirely on their own motion before very long (they would have done it already but for the World War and the internal turmoil) will adopt a formula something like the foregoing. I have always found among intelligent Chinese a feeling that they do not want too quickly to take over the full responsibility for dealing with foreigners in China. They feel that it may be better for China that in the period of transition there should be no just cause for complaint about the juridical treatment of foreigners. It also is felt



by that class of Chinese that for a good many years to come, China needs the services of foreign judges and lawyers in reorganizing her jurisprudence. If foreign judges are not thrust upon China (as foreign advisers in the past have been more or less forced upon oriental governments), the Chinese may willingly enough employ them of their own motion.

“Beyond doubt Chinese thought on this subject of juridical practice has been deeply influenced by the foreign courts in China and by all foreign activities here. ‘The white man’s justice’ has left its mark, which never will be rubbed out. But that is not to say, as many foreigners in China do, that rightly the white man’s justice should be forced upon the Chinese, even though it may from the viewpoint of the West be better for the Chinese. If not too much bullied and interfered with, and if the transition from old China’s custom and tradition is not given a complexion of being forced on the Chinese against their will, they probably will fall into step with the remainder of the modern world and as rapidly as they can will apply here the forms of western justice and the tenets of international law.”

That situation as described in 1925 had been considerably changed by the time foreign commissioners to investigate conditions relating to extrterritoriality met at Peking in January, 1926. But Chinese still were willing to discuss the question in a friendly way and to give the foreign commissioners every facility in their investigations. Those commissioners, as was expected, found that the modern Chinese legal code is not promulgated, that in effect the old laws and customs constitute the juridical practice of the country, that the courts do not conform with accepted western standards, that prisons are deplorable from a western viewpoint; and recommendations were made accordingly. Until conditions are better, the com-



missioners thought it inadvisable for the powers to give up extritoriality. No other conclusions could be expected from men who estimated conditions from a legal rather than a political angle. The facts were hardly disputed even by Chinese.

In June, 1926, some time before the report of those foreign commissioners was published, I discussed the situation in my correspondence, from which the following is taken:

“Action of the powers about extritoriality will be determined, I believe, by political expediency rather than by abstract right. Political psychology on the Chinese side of this question is but little less confused than some foreigners. Restraining a strong nationalist desire to be rid of extritoriality are a latent doubt among Chinese of China’s readiness for the change, fears of certain Chinese vested interests and enterprises about the effects of a sudden change, and an innate Chinese preference for the adjustment of everything by compromise. The Young China Party (so to describe the rising generation of Chinese politicians without regard to their present actual party affiliations), however, cares little about what the foreign extritorial commissioners will report. They stand on the position taken at Washington by the Chinese delegation and embodied in the proceedings of that conference, to the effect that China does not recognize the right of foreign governments to decide this question and will not be bound by findings of any foreign commission. I believe that advanced Chinese nationalists, and especially the radical elements, are hoping that reports of the extritorial commissioners will be adverse to China. They are convinced that China’s real chance to get rid of extritoriality is to follow the example of Turkey and abolish it by unilateral action. While Chinese political thinkers, except the Communists, feel that China is not



ready to take unilateral action, they hope conditions will make it feasible in a few years. Meanwhile they would prefer to have the powers pursue a policy that will continue to feed the rising nationalism by keeping China, as they say, 'in chains.' They believe that a sympathetic and favorable report of the commissioners would mollify the Chinese and incline them to accept compromises, and thus tend to prolong extrterritoriality here."

Chinese who wanted to use the issue in the agitation against the entire privileged foreign position made capital out of the report when it was published, and its general effect was to give an incentive to the radical element, who were able to assert that the powers have no intention of carrying out the Washington agreements. Part IV of the report, containing the recommendations of the commissioners, follows:

The commissioners, having completed their investigations and having made their findings of fact as set forth in Parts I, II, and III of this report, now make the following recommendations.

The commissioners are of the opinion that, when these recommendations shall have been reasonably complied with, the several powers would be warranted in relinquishing their respective rights of extraterritoriality.

It is understood that, upon the relinquishment of extraterritoriality, the nationals of the powers concerned will enjoy freedom of residence and trade and civil rights in all parts of China in accordance with the general practice in intercourse among nations and upon a fair and equitable basis.

## RECOMMENDATIONS

### A

The administration of justice with respect to the civilian population in China must be entrusted to a judiciary which shall be effectively protected against any unwarranted inter-



ference by the executive or other branches of the Government, whether civil or military.

## B

The Chinese Government should adopt the following program for the improvement of the existing legal, judicial, and prison systems of China:

1. It should consider Parts II and III of this report relating to the laws and to the judicial, police, and prison systems, with a view to making such amendments and taking such action as may be necessary to meet the observations there made.

2. It should complete and put into force the following laws:

(1) Civil code.

(2) Commercial code (including negotiable instruments law, maritime law, and insurance law).

(3) Revised criminal code.

(4) Banking law.

(5) Bankruptcy law.

(6) Patent law.

(7) Land expropriation law.

(8) Law concerning notaries public.

3. It should establish and maintain a uniform system for the regular enactment, promulgation, and rescission of laws, so that there may be no uncertainty as to the laws of China.

4. It should extend the system of modern courts, modern prisons, and modern detention-houses with a view to the elimination of the magistrates' courts and of the old-style prisons and detention-houses.

5. It should make adequate financial provision for the maintenance of courts, detention-houses, and prisons and their personnel.

## C

It is suggested that, prior to the reasonable compliance with all the recommendations above mentioned but after the principal items thereof have been carried out, the powers concerned, if so desired by the Chinese Government, might consider the abolition of extraterritoriality according to such



progressive scheme (whether geographical, partial, or otherwise) as may be agreed upon.

## D

Pending the abolition of extraterritoriality, the Governments of the powers concerned should consider Part I of this report with a view to meeting the observations there made and, with the coöperation of the Chinese Government wherever necessary, should make certain modifications in the existing systems and practice of extraterritoriality as follows:

1. *Application of Chinese laws*

The powers concerned should administer, so far as practicable, in their extraterritorial or consular courts such laws and regulations of China as they may deem it proper to adopt.

2. *Mixed cases and mixed courts*

As a general rule mixed cases between nationals of the powers concerned as plaintiffs and persons under Chinese jurisdiction as defendants should be tried before the modern Chinese courts (Shen P'an T'ing) without the presence of a foreign assessor to watch the proceedings or otherwise participate. With regard to the existing special mixed courts, their organization and procedure should, as far as the special conditions in the settlements and concessions warrant, be brought more into accord with the organization and procedure of the modern Chinese judicial system. Lawyers who are nationals of extraterritorial powers and who are qualified to appear before the extraterritorial or consular courts should be permitted, subject to the laws and regulations governing Chinese lawyers, to represent clients, foreign or Chinese, in all mixed cases. No examination should be required as a qualification for practice in such cases.

3. *Nationals of extraterritorial powers*

(a) The extraterritorial powers should correct certain abuses which have arisen through the extension of foreign protection to Chinese as well as to business and shipping inter-



ests the actual ownership of which is wholly or mainly Chinese.

(b) The extraterritorial powers which do not now require compulsory periodical registration of their nationals in China should make provision for such registration at definite intervals.

#### 4. *Judicial assistance*

Necessary arrangements should be made in regard to judicial assistance (including *commissions rogatoires*) between the Chinese authorities and the authorities of the extraterritorial powers and between the authorities of the extraterritorial powers themselves, e.g.:

(a) All agreements between foreigners and persons under Chinese jurisdiction which provide for the settlement of civil matters by arbitration should be recognized, and the awards made in pursuance thereof should be enforced, by the extraterritorial or consular courts in the case of persons under their jurisdiction and by the Chinese courts in the case of persons under their jurisdiction, except when in the opinion of the competent court, the decision is contrary to public order or good morals.

(b) Satisfactory arrangements should be made between the Chinese government and the powers concerned for the prompt execution of judgments, summonses and warrants of arrest or search, concerning persons under Chinese jurisdiction, duly issued by the Chinese courts and certified by the competent Chinese authorities and *vice versa*.

#### 5. *Taxation*

Pending the abolition of extraterritoriality, the nationals of the powers concerned should be required to pay such taxes as may be prescribed in laws and regulations duly promulgated by the competent authorities of the Chinese government and recognized by the powers concerned as applicable to their nationals.

Signed in the City of Peking, September 16, 1926.

That part of the report was signed by Dr. Wang Chung-hui, the Chinese chief commissioner, who, however,



appended to his signature a statement that his approval of all the statements in Parts I, II, and III was not to be inferred. What is to be done about extrterritoriality remains an open question and a burning issue.

## V

FOREIGN rights and interests in China can be broadly classified under three headings: investments, trade, and special privilege.

Foreign investments are computed variously, depending on whether it is desired to make the total large or small. One way of figuring is to include all the "foreign loans" and the estimated value of all property in China listed in the name of foreigners or operating with foreign corporate charters. In that way a grand total of three to four billion dollars can be made. Analysis will scale that total downward.

Take the item of missions—schools, churches, and hospitals—amounting in present valuation (not cost) to some scores of millions. That property has two distinct values: land on which buildings stand, and cost of buildings and equipment. A good deal of land was given by Chinese, and also some money contributions. But assuming that the total cost of foreign cultural and philanthropic activities in China has been borne by foreigners, to whom does its material increment and residue belong now?

It will hardly be contended that title to missions real property and equipment is vested in the original givers or their heirs, except in cases when gifts were made under particular conditions. In the main, that property was created by comparatively small contributions spread over a long time, and in most cases the contributors gave without thought of retaining a personal property right in the investment. Most of those givers probably felt that they were giving outright to the Chinese. Legally, one sup-



poses, title to missions property is vested in trustees; but are trustees the owners? If all missions property in China were sold, to whom would the proceeds rightly go? It is probable that the intention of a large majority of donors was to help create facilities for mission work which for a time would be carried on by foreigners, but which would ultimately pass to the Chinese. This illustration is merely to clarify matters. An overwhelming majority of missionaries (who have suffered more from the new nationalism than any other foreigners) would deprecate a salvage of material property at the expense of moral values. Some benefactions not properly under the missions classification, like the Rockefeller medical foundation, represent a large expenditure; but benefactions qualify their character if they require alien troops to be able to function.

China's "foreign loans," so called, are chiefly bonds of the Peking government that were underwritten by foreign financial brokers and sold to whoever would buy them. Presumably the bonds were purchased and are still owned principally by foreigners. Those bonds were "secured" on revenues of the Chinese government put under the administration of foreigners, who collected the revenues, set aside amounts for interest and amortization of foreign and some other loans, and paid any surplus to the government. In the last few years Chinese military chieftains have interfered with the foreign administrations of those revenues, and the system is threatened with complete disruption.

Those loans were issued with the approval of foreign governments whose nationals participated in the flotation, and therefore a moral obligation seems to rest with those governments to see that the loans are paid. That obligation is one which governments can assume or decline. With the American government, the rule is that citizens who invest in foreign securities do so at their own risk, al-



though in the case of some loans to some small American nations, the United States government will perhaps protect or reimburse investors. Foreign loans to weak nations are often made for ulterior political reasons: to create an "interest" in a country may be a forerunner of intervention, which may lead to a protectorate, and the protectorate to annexation.

Nearly all of China's secured loans, when they were made, had ulterior implications as to the parts taken by foreign governments. Legality has little to do with action of governments in "approving" loans to other governments, or with subsequent participation of governments in efforts to obtain repayment. If the borrower is a weak nation, the powerful governments that approved the loans may feel their moral obligation strongly and take action to enforce collection. If the borrower is strong, the moral obligation to collect is not apt to go beyond polite duns. China's outstanding securities of that kind are six to eight hundred million dollars, of which Americans may hold thirty to forty million.

Other foreign investments in China have the usual character. Personal property is removable under ordinary circumstances. Irremovable property is in land and buildings, public utilities, industrial and commercial companies, bonds issued by foreign municipalities and clubs, banks, shipping facilities, and the like. As having influence on intervention, I do not attach much importance to figures; a matter of dollars will not decide the issue. But aside from the fact that such investments in many countries are speculative, and that it is impossible to say beforehand what effect political action will have presently and ultimately on property values and business, it is probable that 80 per cent. of irremovable "foreign" investments in China actually are Chinese-owned, and if all investments



so listed were wiped out, the greater part of the loss would fall on the Chinese.

The condition whereby property owned by Chinese is listed as foreign is one of the many anomalies that have grown out of relations of Westerners with China. Land in most of the foreign residential concessions is registered in the name of foreigners who act as trustees of Chinese owners. The custom grew from the original interpretation of the grants of areas for foreign residence and trade. At first Chinese were drawn to the concessions for reasons of commerce; later, at times when China was disturbed by civil wars and commotions, Chinese sought comparative safety in the foreign settlements, which extended their boundaries to take them in. When it was no longer possible to get further extensions of the settlements areas, and Chinese continued to gather there, and the concessions became crowded, real-estate valuations rose steadily. Wealthy Chinese were glad to evade exactions of the mandarins by putting their property under foreign protection. Chinese population and Chinese capital have made the growth and prosperity of the foreign settlements possible. The foreigners provided order and stability. Giving foreign protection to Chinese became a business that occupied many foreigners; some firms are trustees for thousands of Chinese and hold nominal title to Chinese property of immense value.

A similar situation arose with commercial and industrial enterprises. As trade with foreigners developed, and new ideas and commodities were introduced by foreigners and copied from foreign countries, and modern industrialism took root, Chinese found that their old system did not provide adequate means to carry on business. They began to organize companies under foreign auspices, and to do that required having foreign associates. Great Britain saw that opportunity and enacted a law whereby com-



panies doing business in China can incorporate under a Hongkong Companies Act by having some British officers and directors. Other important governments followed suit. The United States was last in the field with the China Trade Act, passed in 1923. Under all those acts Chinese or foreign promoters can raise capital for a business and get registered as a foreign corporation. There may not be a dollar of foreign capital in such an enterprise, and often there is none. Hundreds of such companies are included in some totals of foreign investments in China. Legally they are foreign. But if the businesses fail, or are depreciated by political action or inaction, the loss will fall on Chinese, not on foreigners. In late years Chinese have invested heavily in many businesses that were originally foreign, and in some cases those businesses have been completely transferred from foreign to Chinese ownership, yet remain registered as foreign.

It is not possible to obtain exact and complete information on those complicated matters, but a foreign expert computed in 1927, for his private use and knowledge, that Chinese own between 80 and 90 per cent. of property of every kind in the foreign concessions at Shanghai.

It is significant that interests which foreigners have in the trade of China are, by those foreigners, habitually termed "rights." That probably is because permission and facilities for this trade had, in a way, in its beginnings, to be wrested from a Chinese government then unwilling to grant them. The same is true of Japan, but when foreign trade rights in Japan are spoken of now, it is with the usual meaning. A foreign trade right in Japan is the same as a foreign trade right in the United States; it is something for the government of the nation to give or to withhold as it wills. Trade treaties merely record understandings between governments for the time. If there is a dispute, let us say, between the United States and



France about trade conditions, there is no blustery talk on either side about "rights," and no thought of sending warships to protect those rights.

It is said that trade follows the flag, trade follows merchant marine and naval power, trade follows the missionaries, and trade moves best through the medium of good will. In truth trade moves because of and in spite of all those and many other factors. It will move, because the needs of people are paramount over their hates, likes, and prejudices, even when good will is absent. But when there is ill will in some cases and good will in other cases, trade is more apt to move in the direction of the good will than in that of the ill will. I quote from the *China Weekly Review* (Shanghai) of July 9, 1927:

According to figures just made public by the United States Department of Commerce, American trade with China for the first four months of this year amounted to approximately \$80,000,000, which was over 3 per cent. more than in the corresponding period of 1926. Of greater interest than the mere figures, however, is the fact that for the first four months of this year the United States led both the United Kingdom and Japan in the China trade, this being the first time that America has taken the first position in more than a century of commercial relations between China and the United States. We suppose, in view of this "distressful" situation, that the local American Chamber of Commerce will now renew its demands for armed intervention with China's internal affairs in order that America may take place with the British and Japanese, the British trade for the first quarter of this year having dropped 17 per cent. below last year's mark and the Japanese trade having dropped some 25 per cent.

It is a remarkable fact that in the extended period of internal disorder since the beginning of the Chinese revolution, China's foreign trade has maintained a normal and fairly steady increase; not, one presumes, as great a growth as would have taken place had the country been



tranquil and consistently well governed, but anyhow an improvement. In that time the growth of trade with America has been greater proportionately than with any other country. Commercial and industrial conditions, and the World War, are chiefly responsible for that, but the factor of good will undoubtedly has played a part. In those years American trade with China was not handicapped by boycotts and strikes directed especially against us, as happened to British and Japanese.

## VI

EXERCISE of the "right" of foreign naval and merchant ships to navigate the interior and coastal waters of China greatly vexes relations of the powers with that country. That right, like most foreign privileges to which Chinese nationalism objects, is based on treaties obtained partly by intimidation and partly because Chinese officials of that time were ignorant of what they conceded.

In his book, *Foreign Rights and Interests in China*, Dr. W. W. Willoughby of Johns Hopkins University, former legal adviser to the Chinese government, wrote: "In most of the developed countries of the world the rights of inland navigation are reserved for citizens or subjects respectively of those countries. In China, however, by treaties beginning with that of 1858, which opened up the Yiangsi River to British traders, nearly all of the inland waterways have been made navigable for trade by foreigners." That is not all. Partly by original treaty provision, and later by gradual usurpation, a "right" of foreign warships to navigate the inland waters of China has been established. The Sino-British treaty of 1858 had this provision: "British ships of war coming for no hostile purpose, or being engaged in the pursuit of pirates, shall be at liberty to visit all ports within the dominions of the Emperor of China." Other nations, including the



United States, took advantage of that provision to claim and assert a similar "right" under the most favored nation hypothesis.

In 1903 the American gunboat *Villalobos* was sent to the upper Yiangsi against the protest of a local mandarin, which eventually led to the following ruling by the Secretary of State: "The Department is inclined to the opinion that Rear Admiral Evans is right in his contention that our gunboats may visit the inland ports of China, including those which are not treaty ports. Even if this right were not granted us by treaty, Rear Admiral Evans is unquestionably right in using it as ships of other powers are constantly doing. . . . This Department thinks, however, that Article LII of the British Treaty of 1858 with China which is reproduced in Article XXXIV of the Austro-Hungarian Treaty of 1869, gives full authority for his course." That is, one foreign nation obtained a qualified privilege for its warships to visit China's inland ports back in 1858, which thenceforth provided a precedent for the creation of a more extensive "right" for all nations.

I will not trace specifically the process by which that original treaty privilege has been stretched to its present interpretation, but will bring the situation quickly to the point it has reached in the last few years. In time the foreign maritime powers adopted a set policy of keeping gunboats on the inland waterways of China, and ships adapted for this use were built. Their function is to "protect" foreign shipping plying on China's rivers, to protect foreign residential concessions, and to protect foreign business and the persons of foreigners whenever and wherever they are endangered or interfered with. A mandarin, or later an official of the Republic, or still later a military regional dictator, might at will seize or delay or otherwise interfere with Chinese shipping and commerce;



but let one of them do likewise with foreign shipping or commerce (of any important power) and gunboats were sent to the rescue. That put Chinese at a disadvantage in their own country in comparison with foreigners there.

An early reaction to that condition was a tendency of Chinese shipping and merchants to get under foreign protection somehow, either by putting Chinese ships under foreign registry or by taking foreigners into partnership. (That situation was a fruitful field for one kind of chicane working under the "protection" of some consuls.) Since foreign ships were seldom interfered with, and if so were soon released, even Chinese preferred to ship by and travel on them. That threw to foreign shipping the cream of China's coastwise and river traffic. Naturally, the foreign shipping companies (which are mostly British, with nowadays a strong Japanese competition) want to hold the advantage that has accrued to them. But in late years powerful influences have begun to pull the other way. The Chinese now are intensely annoyed to witness ships flying foreign flags plying the rivers of China freely, often under escort of foreign gunboats. On the Yiangsi in these times it is an exception for a foreign steamship to make a voyage without being fired on, and it is a weekly occurrence for foreign gunboats to reply to such "sniping." That condition was aggravated steadily until it culminated in the Wanh sien fight in the autumn of 1926.

To give people in America a comparative perspective on that situation, it is as if foreign merchant ships could freely navigate the Mississippi River, and foreign gunboats were distributed along the river to support them in any frictions and disputes with national or State officials.

Wanh sien is an important town at the upper end of the Yiangsi gorges and is a commercial gateway to the great province of Szechuen, which has a population of



sixty to seventy millions, and by being cut off on the eastward by the mountainous region through which the great river dug the gorges, and on the westward by the Tibetan plateau and the Gobi desert, is a self-contained principality. At Hankow, where the combined cities of Wuchang, Hanyan, and Hankow have a population of more than two million, and which compares to St. Louis in the United States, there are foreign residential concessions, and foreign warships are always stationed there. Up river from Hankow the stream is shallower, and the upper river traffic is carried on with ships of light draught. The larger warships cannot proceed above Hankow, and only a few of them can navigate the gorges.

The immediate occasion of that fight at Wanhhsien is not very important in itself. Two British river merchant ships were detained there by an order of a military dictator pending some claim for damages done by the ships, or by one of them, to Chinese. The merits of that particular issue are not important. Ordinarily such cases would be adjusted in courts or by arbitration. In this instance the fact that a few British ship officers were arrested and held was made the occasion for a British naval flotilla, composed of two small gunboats and an auxiliary ship, to attempt their "rescue." From different accounts of foreigners at Wanhhsien, a fairly good idea of what happened is obtained. One of the British gunboats was run alongside one of the detained ships and men from the gunboat boarded the ship, for the purpose, it is said, of releasing the foreign officers who, it appears, were confined in their quarters. Chinese soldiers on the ship thereupon fired on the boarders and killed some of them. A general battle followed in which Chinese soldiers on shore took part, and the British gunboats replied, also shelling the town and starting a conflagration which consumed a section of it. Of the hundreds of Chinese killed and wounded, a large



majority were noncombatants. Practically all of the property destroyed was privately Chinese-owned.

That is a skeleton outline of the incident gleaned from many columns in the foreign and Chinese newspapers. If it should become a case for international adjudication, it will be based on those general facts. It will hardly be possible to obscure the broad international and legal issues by emphasizing arguments about details and local responsibility for what happened, about who fired the first shot and why. Given the conditions, a Wanh sien incident was inevitable sometime. Continue the conditions, and other such incidents are sure to occur. Therefore the question is not merely one of getting a couple of small river steamships released, or of compensations, or of abstract "treaty rights." It is a question, one may say, of world polity.

Although units of the Yiangsi flotilla of the American navy often have minor collisions with local Chinese forces (it suits foreigners to call them sometimes bandits or pirates because of the phraseology of the Sino-British treaty of 1858) to the extent of exchanging shots with snipers on river banks, the American government until lately managed to keep fairly free of that complication. The part taken by American gunboats at Nanking in March, 1927, caused no especial resentment among Chinese, because they understood it was done to relieve Americans from peril. But as time passes, conditions, and the efforts of American officials in China to coöperate with those of other powers, tend to draw us into using force to hold the dubious treaty privilege that is claimed by our government. American forces are even being used to protect those treaty rights of other powers. In August, 1927, according to apparently authentic newspaper despatches, an American navy "destroyer" was fired on from both banks of the Yiangsi near Chekiang by troops of both the



northern and southern Chinese factions, and returned the fire. The significance of that event is that the American destroyer was acting as convoy for some British merchant ships. No American shipping of consequence is engaged in the Yiangsi River trade or the China coastwise trade.

When collisions occur between foreign naval forces and the Chinese, the explanation of these incidents from the foreign standpoint is that the presence of foreign warships is required to "protect" the lives, the property, and the rights of foreigners in China. By most foreigners there, and by most government foreign offices, that is taken as an axiomatic premise. Also, from a foreign standpoint, if any foreigners are killed and injured in those collisions it is outrageous, while if Chinese are killed and injured (usually they outnumber the foreigners many times), that is taken to be, in the case of armed Chinese, proper punishment, and in the case of Chinese noncombatants it is a vicarious sacrifice to their national failure in government.

I will not at this point attempt to analyze and weigh the abstract justice of the matter. That may eventually be a case for the World Court. It is worth while, however, to consider how the keeping of foreign warships in China's inland waters does (or does not) "protect" foreigners there, whether in fact this policy of the powers makes the foreign position in China more secure or more insecure.

It is evident to me that in times past the presence of foreign naval vessels in the rivers and ports of China did exert an influence for security of the foreign position and the protection of foreign treaty rights. Not that the naval forces actually present were able, except occasionally, to withstand a serious attack by Chinese. The warships exerted a "moral" influence. They were visible signs of foreign military power. After some proof of the matter, the mandarins realized that ample reinforcements were



back of those few ships. Moreover (and here is the point), Chinese believed that if occasion arose, the reinforcements would appear, and force would be used to uphold the foreign position. Furthermore, until recently Chinese had no confidence in their own ability to withstand foreign naval action, or, in the event of their nation being unjustly attacked or oppressed, of the influence in their favor of public opinion abroad.

In late years naval experts have often represented to their governments the inadequacy of those foreign ships in China's waters as a really effective force. The score or so "mosquito" gunboats which are serviceable to ply the shallow harbors and rivers and lakes of China are unable to resist a strong attack. Expert observers have also pointed out to governments of the principal powers how the psychology of Chinese vis-à-vis foreigners is changing, and how the bluff of the little foreign naval force might be called at any time. For every expert has known that the effectiveness of this kind of "protection" depends on whatever moral suasion it can exert on the Chinese. Gunboats are not necessary to any genuine moral suasion. That can be applied at Geneva, at Washington, at Peking—almost anywhere.

Ships of considerable size can enter the port of Shanghai, and at Amoy, Chifu, Tsingtao, and perhaps one or two lesser ports on the coast. They can also go up the Yiangsi River as far as Hankow at high water. The rivers and lakes gunboat patrol is limited to small ships of light draught and, consequently, of light armaments and small crews; and even those are practically confined to the Yiangsi, to a few lakes connected with that river, to the Pei-ho as far as Tientsin, and to the Whampoa estuaries at Canton. Those limits definitely indicate the physical "protection" that foreign gunboats can provide. If concentrated at any point, they would still be a puny force,



leaving the remainder of that vast country "unprotected." As it is, the gunboats are usually stationed at one or another of the "treaty ports" (places opened to foreign trade). Some of them will nearly always be found at Nanking, or at Kiukiang, or at Hankow, at Ichang, and on the upper river at Chungking. They "visit" along the river, and those which are of light enough draught now and then enter the lakes.

Foreigners and foreign property and foreign trade, which are supposed to be protected by the mosquito fleet (it is composed principally of British, Japanese, and American boats), are widely scattered throughout China. A majority of foreigners live in "treaty ports," and with few exceptions those cities can be reached by warships. Foreign trade is coextensive with the national domain, and many missionaries live outside the reach of any naval protection. More foreigners (which includes Japanese and Russians) live in China where naval forces cannot help them than live in seacoast and river ports. Action by a foreign gunboat at one place in China may have a positive reaction against the security of foreigners hundreds of miles distant from that place. An incident at Shanghai, where foreigners and the foreign settlements always have the protection of their own police and volunteer regiments and a goodly number of warships, may, by exciting the anti-foreign feeling among the Chinese, cause a mission station in Szechuen province to be destroyed. One part of China is no longer ignorant of and indifferent to what happens in another part. The fight at Wanh sien caused Americans in Szechuen province to be warned to get to a safer place; they were concentrated at Chungking and later moved to Shanghai. Yet Chinese sentiment was not then particularly roused against Americans or the American government.

A few years ago an express train going from Pukou to



Tientsin was stopped by bandits, and a number of foreigners were abducted and held for ransom. When it was rashly proposed to dispatch troops (Chinese) to rescue them, the captives sent a protest to this effect: "For heaven's sake don't try to rescue us!" An attempt at forcible rescue, they felt, would cause them to be put to death. In time their release was obtained by negotiation. When, as often happens, missionaries in remote places are immured or abducted, usually they do not want any physical action to be taken by either Chinese or foreigners to relieve them. They usually extricate themselves with some consular help. Missionaries and foreign business people away from the concessions and treaty ports prefer to keep on good terms with the local population and officials, who resent outside interference. When in 1926 the civil wars converged about the Wuhan towns, a group of American missionaries and educators in Wuchang were subjected to some danger and deprivation; but they preferred to remain at their stations when by crossing the river to Hankow they would have been comparatively comfortable and safe. The reason why missionaries in those and similar circumstances usually prefer to stick to their posts as long as possible is that it causes them to "lose face" if they decamp and will diminish their influence with Chinese thereafter, and by remaining on the mission premises they exert a moral protection over them and may render help to the people.

During that trouble in 1926, the leading foreign newspapers in China "viewed with alarm" the action of General Chiang Kai-Shek in asking that foreign warships in the river near Hankow either be removed thence altogether or be anchored directly before the foreign concessions. That was taken to violate the "rights" of foreigners in China. The position at Hankow then was something like this: Imagine that at New York City the Harlem River



flowed into the Hudson at, say, 125th Street, instead of flowing the other way, and that Manhattan Island was bounded on the Harlem River and Sound sides by a river which was kept out of the city at high water only by dikes. Along Riverside Drive, for half a mile from 125th Street, would be a British "consession" where the authority and law of Britain obtained; for the next half mile southward would be a section where Chinese authority obtained; for the next half mile would be a section where French authority ruled; for the next half mile would be a section under Chinese authority, and for the next mile a section where Japanese governed. That "strip" would extend back from the river about one-third of a mile, where, in the middle of a populous street, it ended, and beyond there would be Chinese authority. North of the Harlem River would be another Chinese city (Hanyang), where the principal iron works and arsenal in China is located. Over the Hudson (across the Yiangsi) would be Wuchang, capital of another province.

A civil war would be going on, and one faction would capture Harlem and Brooklyn, leaving the three isolated foreign settlements strung along the Hudson lying between them and the armies of that faction attacking the towns on the Jersey side of the river. Firing between the opposing armies would occasionally pass over the foreign settlements and would now and then inflict damage. Suppose along the Hudson, in the river fronting the strip of foreign concessions, there were anchored a number of foreign warships, which, whenever shell or rifle fire came near them, would fire back at the Chinese. Suppose fifteen or twenty foreigners resided on the Jersey side, and because that place was beleaguered and attacked they ran short of provisions, yet refused to depart although offered safe conduct. Suppose the commanding general of the attacking side should ask the foreign warships and



foreign merchant ships to move up or down stream to get out of the line of cross fire. Would that constitute an infraction of international law and amenities? And would compliance with that request worsen or improve the position of foreigners inside the war area?

Those who adhere to the idea that the better way to "protect" foreign lives and interests in China is by a "gunboat policy" admit that except in a very limited area it is not feasible to give protection by physical contact. But they believe that protection is afforded indirectly by the presence of foreign warships on China's rivers and lakes. They reason thus: It may seem inhuman and unnecessary for a gunboat to menace, and perhaps fire on, a Chinese town. But experience has proven that that is often the only way to make a local official see the light of reason and to prevent a recurrence in that locality of abuses of foreigners. Local officials are susceptible to local public sentiment and are always uneasy lest they be ousted. If, incidental to a clash between a foreign gunboat and Chinese soldiers, the fire of a gunboat kills Chinese noncombatants and destroys Chinese property, the people are likely to blame the local official for causing or permitting the clash more than they will blame the foreigners for shooting. It is the nature of "foreign devils" to act that way, and it is poor policy to stir them to anger. In the past those episodes almost always wound up by a payment of indemnity for any injury to foreigners (which came out of revenues in the district where the incident happened), while Chinese took their losses.

One sees that on occasion a gunboat policy may, by taking a bold attitude and now and then shooting up a Chinese town, impose a check on some forms of anti-foreignism. One sees also that physical use of naval forces, and even the intimidation implied by the presence of foreign warships in China's inland waters, now contributes power-



fully to the anti-foreign psychosis of the Chinese mass and stimulates the radical wing of the nationalists. It is evident that customary foreign naval forces in China's waters can apply effective protection only in limited areas, as at Shanghai and Hankow, where foreign vested interests are concentrated and where considerable foreign police power exists; whereas it is practically impossible for them to give protection in the greater part of the country.

## VII

IF WHAT is written in treaties and agreements of foreign powers with and concerning China is taken at face value, one other form of foreign privilege in that country might be regarded as having been abandoned. At Washington in 1922 all of the powers, except Japan, agreed to give up their territorial leaseholds in China, which were exacted, or obtained, in the latter part of the nineteenth century: Great Britain at Weihaiwei, France at Kwangchow-wan, Germany at Tsingtao. Germany's recession of Kiaochow had already been made and was merely recognized by the other powers at Washington. Japan has temporized about the Liao-tung leasehold which had been taken over from Russia. Great Britain clings to the Kowloon leasehold but has intimated that it will be given up in time; meanwhile it becomes more and more an integral part of the port of Hongkong. Except Germany and Russia (whose position Japan inherited), those powers which procured naval bases in China and got possession of some of China's best seaports still occupy the leased areas, but they make occasional gestures of preparing to move out.



# HELP

EDUCATIONAL

RELIGIOUS

MORAL

PHYSICAL

ADMINISTRATIVE

INCIDENTALS



## HELP

### I

CHINA's new nationalism is a reflex from the West: which means that what the Chinese think now about foreigners and western institutions, and about their own country's position in the modern world, they have learned mostly from foreigners.

It is convenient to discuss foreign influences in China under headings; namely, educational, physical, ethical, commercial and industrial, financial. They can be divided also into efforts having a benevolent motive and those actuated by material considerations.

### II

FOREIGN educational influence in China comprehends the other divisions broadly, for it is only by education in some form that ideas penetrate the human mind and are applied to man's moral, physical, and industrial life. But, for discrimination, what is here termed education can be confined to establishments such as schools and results which can be plainly seen to follow those processes and spring from perceptions aroused by them.

What is now called "anti-foreignism" has had two forms. When white men first landed on China's shores, they were repulsed by the Chinese. Chinese did not like foreigners then, regarded them as inferior in culture and civilization, and wanted nothing to do with them. That real anti-foreignism was slow to die. It culminated in the "Boxer" uprising in 1900. That type of anti-foreignism



was based primarily on Chinese exclusiveness, self-sufficiency, and conceit. It persisted through many changes and forms and in its final survival was carried on chiefly by appeals to ignorance and superstition. It opposed for nonsensical reasons the introduction of railways and of foreign missions and schools. While the old and genuine anti-foreignism may still exist among the ignorant mass and in remote parts of the country, it is dead now as an active and formidable force and has no part in the new "anti-foreignism" except as it provides a deep-lying background.

The new "anti-foreignism" had its origin in foreign education. It is therefore the creation of foreigners, who gave it birth and have nourished it.

It might have been foreseen that by inducing Chinese to send their children to America and Europe to be educated, something of consequence was being started. (Indeed it was foreseen and its probable effects were feared in some quarters.) And from what is known of the motives of foreigners who persuaded the conservative elder Chinese that it would be a good thing to do that, it is plain that what was in mind was to begin a process of inculcating western political and religious thought in China. It is inconceivable that Chinese boys and girls going to school in America and Europe could fail to imbibe there more than was in the textbooks they studied, and that they could fail to come more or less under the influence of the political and social ideas and practices which surrounded them. Also it was unavoidable that foreign religious missionaries and foreign schoolmasters in China, in their teaching and contacts of daily life with the Chinese, should carry the political and social concepts of the home countries. How could a course in American history be taught in a school in China without putting new political ideas into the minds of Chinese youths who attend the classes? And when those



ideas are implanted in hundreds of thousands of Chinese, how is it possible to prevent them from trying to turn their new knowledge to account and to apply it to the political reconstruction of their country?

Indeed, unless that was intended and unless such an outcome was thought desirable by western peoples, it was a mistake ever to persuade Chinese to send their sons and daughters to be educated abroad and for the West to take its religion and political ideas and scientific knowledge to China. There is a school of foreign thought as applied to China and to the whole of Asia which does regard the effort of western peoples to introduce western education and science and sanitation there as a fearful error whose results will in time menace white civilization. There is a school of thought in western countries to the general effect that the western form of civilization is inferior, or at any rate is not superior, to oriental culture and philosophy, and that in thrusting our ideas and methods on orientals we are undermining a civilization which has a rightful place in the world and which should be permitted to remain uncontaminated.

Those two schools of thought which deprecate the introduction of western education and political ideas into Asia have widely divergent motives. One motive has the purpose of establishing and holding in Asia the political and economic domination of the white nations and opposing whatever contributes to undermine the white position. The other motive springs from a notion which ascribes to oriental culture and philosophy some vague and extraordinary merits and values which must be preserved at any cost to material progress. Those opposing theses are the extremes of the question, and it becomes more evident all the time that neither provides a practical way out of the dilemma.

There is only one way to hold the old dominant white



position in China. That way is to back it with military force.

I believe there is no way to work out the notion of the West standing aside and permitting the ancient Chinese civilization and culture to go on. That ancient civilization has broken down completely, and it was weakened not so much by external influences as by internal forces. It sank under the dead weight of its own decadence. Furthermore, it is not a part of the program of New China to sustain and restore the old civilization. The program of New China is to reorganize the nation on modern lines and to retain only those parts of the old civilization and culture which promise to be useful in the modern world. This does not mean that pride of race and nationality have ceased to exist in China. It does exist in goodly measure, and in the flashes of patriotism so frequent nowadays, it comes now and then to the front in admonitions of elder statesmen. There is a revival of race and national consciousness. But it is in a new form, and on the whole its face is set toward modernization.

I dispute the accusation that foreign influences have injured and permanently impaired China. I believe that China has profited by them, and under any probable outcome will continue to profit by them. Unless this is so, the people of Europe who in the Middle Ages beat back Asiatic hordes were checking progress and ought to have been defeated; the old-time struggles between Europe and Asia ought to have turned in favor of Asia, which would then have been the dominating power on earth in the later centuries. On that hypothesis a malign influence must have hovered over the world when the advance of the white races began.

One cannot doubt, though, that foreign educational effort in China must be reformed and hereafter will have to conform to the ideas of New China. In a talk to Americans



at Shanghai just before his departure in 1925, Dr. Jacob Gould Schurman, retiring American minister to China and former president of Cornell University, warned American educators in China that it would not be possible to resist the desire and purpose of Chinese to take charge of their nation's educational system, and that the forthcoming change will bring all foreign schools under control of the Chinese government. Dr. Schurman then pointed out that foreign schools in the United States and private schools also must be under general control of the States and the Federal government, and we would not permit foreign schools, which obviously inject powerful political and other propaganda, to remain outside our authority. In the foreshadowed change one sees the working of inevitable tendency, provided China remains an independent nation. Chinese of all classes are agreed on the foreign schools question. For several years the Peking government has been moving tentatively toward bringing the mission schools and hospitals within the authority and supervision of the ministry of education. In 1925 the following regulations were promulgated:

1. All schools and colleges established and supported by foreigners shall be conducted in accordance with the standards of similar institutions under the Government Board of Education.

2. Such colleges and schools shall state in the name used in each case that they are of a private character.

3. The president of all such colleges should be a Chinese. In cases where a foreigner occupies that post, there should be a Chinese vice president who can act as representative of the institution before the Board of Education.

4. Where such schools and colleges are under the direction of a board of trustees, the majority of its members should be Chinese.

5. These institutions shall not exist for the purpose of teaching religion.



6. The curriculums of studies in such schools shall be in accordance with what is decided by the Board of Education, and religion shall not be included among the compulsory subjects.

Announcement of those regulations again brought out the divergence of foreign missionary and business classes in China. Missionaries and educators on the whole are sympathetic with the nationalist aspirations of Chinese. Having always tried to inculcate these ideas and to arouse these ambitions, the foreign teachers cannot logically oppose their fruition. The foreign business people blame the educators for stimulating the new nationalism. The schism of the two main foreign groups appears in almost every question that comes up.

The "foreign" schools dealt with by the foregoing regulations are schools not for the children of foreigners in China, but schools attended by Chinese exclusively. They are supported principally by funds coming from abroad, and foreigners do most of the teaching; they are part of the missionary and philanthropic movement. Rather oddly (but quite logically), missionaries in China, who will be most affected by the outcome of the policy implied by those regulations, find little in them to oppose; while foreign business people talk about them as an encroachment on foreign rights.

From talking with missionaries and reading proceedings of their conferences and other memoranda on the subject, I gather that their attitude is this: Missionaries realize that Christianity and its secular educational work in China cannot always stand as something foreign to that nation, and that its permanent position should and must be indigenous. It will be like ideas and practices brought to America from Europe; they may be adopted completely or in part, but to endure they have to acquire an American character. If Christianity is to get a perma-



nent hold in China, it must be rooted in the faith and beliefs of Chinese. If foreign education is to have a lasting effect in China, it must become a part of the educational system of that nation. It cannot live as a foreign thing grafted on those people by foreigners and held there by foreign pressure.

Nor do missionaries in China make much objection even to the proposed restriction of religious teaching in their schools. A prominent missionary said to me in 1927: "We have no purpose to continue to use our school classrooms as a pulpit. Some of the mission colleges have already abandoned compulsory chapel attendance. All we ask of the ministry of education is an assurance that Clauses Five and Six of the proposed regulations will not be construed to prevent our schools from giving religious instructions to students who want to receive it, or to compel us to delete or eliminate the story of Christianity that is a part of history. We realize that it is natural for Chinese to want to exercise the same control and supervision over schools in their country, even private schools, as is done elsewhere. I do not expect serious difficulty in composing this question."

Phases of the "student movement" have contributed to bring the mission schools in China to their present pass. The students are a sounding-board for all kinds of propaganda, and they make a tremendous noise. They demonstrate on all occasions. Since about 1925 they have chosen to feel antagonism to the foreign schools, a sentiment which, beginning in the Chinese schools, soon extended to students in the mission schools, who joined in the violent and outrageous manifestations against all branches of missionary and philanthropic work that have taken place, and which led, in 1927, to the closing of missions, schools, and hospitals in all parts of China except at a few places. Students nowadays denounce the government and the



ministry of education for truckling to the foreign powers and urge that all foreign schools be taken over at once and the foreign teachers be deported. Viewed one way, the student movement is merely fireworks. But it is nationally symptomatic.

Aside from outrageous acts to be taken as a part of the general anti-foreign phase of Chinese nationalism, the foreign school question does not seem to present any specially alarming features except to those who "view with alarm" everything which threatens the old treaty status. Schools built and supported by funds from abroad, with foreign instruction by foreign teachers, and protected (as many of them are) by foreign troops and almost empty of students, in time will be regarded by Chinese as an offense rather than as a benefaction. The question re-creates against an oriental background images we have long been familiar with in America. It reproduces in principle our experiences at home with the same issues.

In China the foreign schools question is embraced with the anti-religion movement, and the anti-religion trend of Chinese is something to reflect on. By that association the corpus of missionary activity is being swept along by the current of radical social and political forces.

### III

I FEEL that I do not know very much about the spiritual impression that foreigners have made in China, and there are many signs that the missionaries are puzzled by some results of their work.

There are statistics of the missions organizations, but I am unable to feel that they prove much. Figures compiled in 1924 show 6700 foreign men and women engaged in Protestant mission work, and 1700 in Roman Catholic. Of those, about 700 are medical practitioners and nurses. About 26,000 Chinese are occupied in ministerial, medical,



and educational mission work. The total number of Chinese members of Protestant church communities is put at 620,000, and of Roman Catholic, at more than two million. To me that total is not impressive. Less than three million professed Chinese Christians in a population of over four hundred million, after more than a century of effort, seems rather insignificant outwardly. On the face of things it does not appear as if foreign religious influence has got much of a grip in China.

And one should not ignore that in China, as in western countries, the total of professed Christians may be misleading if taken as a measure of spiritual influence. For a long time the term "rice Christians" has been used by foreign cynics to describe Chinese who are believed to have joined the church for selfish reasons—to obtain better positions for themselves, to get better security for their families, to get education for their children free of cost or at very low cost. The totals of Roman Catholic communities include children in the orphanages.

I would not depreciate Christian missions in China. To me their educational, medical, and charitable labors seem admirable and beneficial. Those I can estimate with some intelligence, for one can apply to them the same standards that one would use in Europe and America. But when I try to sound the spiritual depths of Christianity in China, I feel as if groping in the dark. I have never talked about religion with a Chinese Christian without a feeling that somewhere in the back of his mind Christianity has a twist which, if it were accurately translated, would not be orthodox. But perhaps I do not know much about Christianity.

In the chapter on Christian missions in the *China Year Book* I find this statement: "At this moment the Christian religion is without doubt the most powerful influence at work for the uplift of China." Many sincere and able per-



sons believe that. They are of the type who firmly believe that the Christian religion is without doubt the most powerful influence at work for the uplift of the world. If one believes that, why, one believes it, and there is no room for argument. If it were true for the world, it would therefore be true for China. But aside from generalizations like that, it is difficult for the secular mind to grasp the extent and depth of foreign ethical influence there. It is a vague thing which cannot be put into statistics or measured by totals of church communicants.

But here and there one finds a definite indication of western spiritual influence plainly stamped on China's historical pages. From time to time the Chinese government has moved officially regarding Christianity in China. The first treaties conceding the privilege to teach and practice Christianity there were wrung from China as the other treaties were; that is, by intimidation. But in later years, when the character of foreign mission work was better understood, the attitude of the Chinese government toward it altered. In 1891 the Imperial government issued a decree ordering protection to be given to the mission establishments; in 1895 that admonition was repeated and the people were warned not to lend an ear to idle stories and suspicions about the missionaries; again in 1898 (the "Boxer" trouble was then on the horizon), officials were warned to guard and protect the missionaries and their property carefully.

An imprint which western religious influence has made on China is found in the provisional constitution of the Republic of China, and again in the so-called permanent constitution, which accords religious liberty to all people in China and removes disabilities previously laid on Christians. While few believe that that constitutional guarantee will ever be rescinded, events and tendencies in the last few years contain matter which gives considerable uneasiness



to the mission organizations. The outspoken desire of Chinese Christians for an indigenous church is logical and must have been expected. It follows in the wake of the similar movement in Japan, which is reflected in other Asiatic countries, and beyond doubt it is a manifestation of nationalistic consciousness among Asiatics.

What is spoken of as the anti-Christian movement began in 1924 and has continued with varying energy since then. It commenced with students in the government schools and spread to the missionary schools. At first the students refused to attend classes and agitated against unpopular professors and the teaching of some subjects. From student "strikes" the movement went on, as it became obscurely connected with the communistic and labor elements, to more violent demonstrations. The missionary schools had been going on with diminished attendance for some time before the anti-foreign wave of 1927 drove the missionaries into the large treaty ports and suspended their work. During that period the "Canton government" displayed a captious attitude toward the foreign schools and hospitals there. When the Cantonese, or Kuomintang, army moved northward, it used missions buildings for military purposes; and in the time after the evacuation of those premises by the missionaries, they were put to uses that damaged them considerably. Soldiers who compose Chinese armies have, from a foreign viewpoint, filthy habits. Officers of the Kuomintang army said that the buildings were needed and that commandeering is usual in war. Chinese schools and temples were treated in the same way. Why should foreign property be exempt?

When analyzed, the anti-Christian movement is a phase of the political unrest which has swept over China and which comes under the broad heading of anti-foreignism. Christianity is foreign and therefore it is hurtful to China.



Return to the religious and moral precepts of the Chinese sages was advocated.

Missionaries in China were surprised and pained by those developments, and at first they were at a loss to account for them. In 1925 the Rev. Dr. A. Kok, a Chinese Christian minister, made a survey of the situation to discover to what extent the agitation was incited by Russia. In his report Dr. Kok remarked: "The deep concern about the spread of the anti-Christian movement in China has overlapped the boundaries of pure mission interest and is at present having the serious attention of a large group of thoughtful people outside the missionary body." Dr. Kok cited a list of incidents showing the efforts of Soviet agents in China to sow the seeds of anti-Christianity; these are apparently authentic. Such a policy is in line with acts of the government in Russia. A few years ago Christianity (the Greek church) seemed a fixed institution there; now it is circumscribed and at times persecuted. Nor is Russia alone in giving evidence of a purpose among men to cast out religion from its place of honor, to deny its value and validity, and to deprive it of all respect and authority. That part of the anti-Christian movement in China that is derived from the anti-religion teachings of western doctrinaires is apt to be more disturbing in the end; it is imported; its wellsprings are in the same countries that sent Christian missions to China and which support them now.

Chinese intelligentsia who lead and direct the anti-Christian (they term it anti-religion) movement admit its western origin. They say the movement is not peculiar to China but is world-wide and is moving there in sympathy with a great human liberating effort. If the anti-Christian propaganda in China is linked at times with questions that appeal to Chinese patriotism and chime with current issues of the new nationalism, it is to get attention.



A survey made in 1926 by a Chinese Christian for the National Christian Council of China gave three main ideas as actuating the anti-Christian movement: anti-imperialism, science as opposed to religion, and the preservation and rebirth of Chinese civilization. Of ten citations given by that investigator in a classification of the propaganda, I will quote the first two:

Religion stands for the old conservatism and opposes us in our effort to develop the new culture and to make progress. Religion stands for division, while we are working for the harmony of mankind. Religion stands for superstition, while we desire the development of science. Religion stands for the attitude of dependence as expressed in prayer, while we are working for self-reliance. Religion belittles life, while we are seeking to develop individuality.

Christianity is the forerunner of imperialism. China has suffered loss of territory and has had to pay large indemnities to other nations on account of missionary enterprise. Those countries use Christianity as their tool in seeking to destroy the independent spirit of the Chinese race.

Of those paragraphs, the first might have been composed by anti-religion propagandists in any country; indeed, it is probable that the doctrine was copied from European socialist publications. The phraseology is that of the Chinese Christian who made the digest. It is familiar stuff.

The second paragraph gives the particular application to China of political arguments which communistic elements are implanting among the Chinese. But I believe it would be an error to assume that that aspect of anti-Christianity there is entirely due to Soviet propaganda. Chinese anti-religionists are similar to groups of "advanced" thinkers to be found in western colleges and in faculties of our universities. It appears that the fount of these ideas in China is a group of comparatively young



Chinese college professors, some of them educated in America and Europe, who in late years by energy and sheer audacity have become prominent in revolutionizing (and incidentally throwing into turmoil and utter confusion) the educational system of their native land. Those men can be called "parlor Bolsheviks" or anything you like. But they are a force to be reckoned with in New China.

Many foreigners in China lump the missions schools question with the anti-religion and anti-Christian movements (few distinguish between those phases). But a purely political principle applies to the school issue. My observation is that a great majority of Chinese are as yet but slightly or not at all imbued with anti-religion and anti-Christian ideas. Mass anti-foreignism has that psychosis vaguely, but intelligent nationalism is based on political grounds.

The anti-Christian, or anti-religion, agitation now gives serious uneasiness to foreign and native church bodies. A number of conventions and conferences to discuss and consider the matter were held during the years 1924, 1925, and 1927, and as a result of them, and of reflection, a comfortable conclusion was reached. That is, to quote the words of one American missionary, that the anti-Christian movement is "a good thing for Christianity in China." Which seems paradoxical in view of the opinion of missionaries that an outcome of the agitation will be a change of the status of missions and a curtailment of their privileges. But when followed up, that opinion has reason, for, as that missionary put it: "It has shaken us up and forced us to see that we cannot stand still while China is seething with new ideas and new forces. We must get into step with those ideas, or the part of them that is good, or see our influence wane. The old position cannot stand forever. I believe one result of this agitation will be to estab-



lish the Christian church in China firmly on its own legs, no longer dependent on foreign moral influence for its religious inspiration and life.”

Some missionaries, on the other hand, feel that Chinese Christians are not ready for an independent church, and point out inconsistencies in their demand for it. Chinese who want an indigenous church want foreign financial support to continue. They want foreigners to provide money to carry on the church in China and to entrust its management and spiritual direction to Chinese. When Chinese admit that the church in China is not financially self-supporting, that is tantamount to admitting that it really is not indigenous. Those Chinese say that the church in China is still weak and needs outside spiritual and financial help, which, they point out, is given in many other countries where Christianity has been long established. Missionaries have stated in letters to newspapers in China that if foreign control of the church there is given up, the evils of “squeeze” and nepotism will creep in. That can be taken as an admission of the shallowness of Christianity’s moral effect with the Chinese. In that argument between missionaries and their converts, the inconsistency is not altogether on the Chinese side.

The legal basis of Christianity in China is established, and there is no apparent purpose in Chinese official quarters to change or to qualify it. Admonitions against anti-Christian agitations are issued frequently by the Peking and by provincial governments. With a few exceptions Chinese political and military leaders profess complete tolerance of Christianity. Some men prominent in national politics are professed Christians.

I think, however, that at bottom the anti-Christian agitation is political in character. Lacking political sentiments and motives, this particular movement probably would not have sprung up. The essentially political nature



of criticism of foreign missions is evident because on the Chinese side Christianity is accused of repressing China's national aspirations, and on the foreign side the missions are accused of undermining western position and influence in Asia. In my opinion neither of those accusations is wholly sound.

The desire of Chinese Christians for an indigenous church is basically nationalistic. It is a logical development, and, as I have said, it is not opposed by a majority of missionaries; it is rather encouraged by them. Thoughtful men on the foreign mission boards see that a genuine and permanent Christian church in China must find a native foundation. Thoughtful missionaries feel also that it is natural and in the main desirable that Chinese Christians should take an interest and a part in their country's political reformation. Missionaries in China logically should take a sympathetic attitude toward those patriotic impulses.

As a rule missionaries think that Chinese Christians have a right to form and to state their political opinions. But it often happens, when Chinese Christian bodies express political opinions which differ from those of the foreign secular class, that the latter blame the missionaries for having created that Chinese opinion. The foreign secular attack on missions in China takes, when analyzed, the familiar old position against education of the "lower classes," because education makes them discontented with their lot. View that argument from any side, and that is the residue. The gist of foreign antagonism to mission work in China is that the missionaries and their schools have put a lot of dangerous ideas into the minds of those Asiatics.

Fear lest Bolshevism or reversion to an Asiatic philosophy or religion should destroy their work in China troubles missionaries less than the demonstration which



events give of the slightness of the hold of Christianity on their converts and students, the little strength and solidity which western religious teaching appears to have given to Chinese ethical and political beliefs, and the failure of the constant kindness and helpfulness of the missionaries to make them safe from popular attacks. The anti-foreign manifestations in late years have given definite proof that the body of Chinese Christians are in full sympathy with the aspirations of New China. Outrages at Nanking and other places showed that missionaries are no safer than other foreigners. In a political sense western religious and secular teaching seems to have reacted against the foreign position.

My observation is that "foreign-educated," and Christian, Chinese are not more honest or dependable in business or politics than those who have not had those "advantages." It is plain that it takes something more than western education and a smattering of our religion to reform Chinese political ethics and practice.

#### IV

A EUROPEAN SCIENTIST who has studied the subject in various parts of Asia, in speaking of effects of western influence on the physical characteristics of Chinese, recently said to me: "We are sowing seeds in China of which we cannot foresee the harvest."

When the western nations forced intercourse on China they found the Chinese in the main an undersized, undernourished, and rather mild people, averse to violence, shrinking from rough contacts. The soldier then had the lowest position in the social body, the scholar the highest. The muscular strength of the people was in the coolie and the agricultural class, whose desperate struggle for subsistence kept them in fair physical condition. The middle and upper classes despised physical exertions; they al-



lowed their finger nails to grow long to show that they did not use their hands for labor. The masses lived and died in a perpetual war against nature on the principle of the survival of the fittest.

All that is being rapidly changed, and foreigners are a principal cause of the change. We brought western medical science and its methods to China. On our own motion and with our own funds we have built many hospitals (formerly in the face of violent superstitious opposition of the people), and latterly one of our great philanthropists has spent millions to provide facilities in China for scientific research, medical education, and sanitation. What westerners have learned of how to save and protect human life, they eagerly and persistently have tried to convey to the Chinese, usually at the West's expense. Already some effects of this effort can be observed, but to calculate the eventual results is probably beyond the ability of the most advanced scientists.

Modern medicine has taken hold in China. The Chinese now are building hospitals and medical schools for themselves. They are voluntarily sending their sons and daughters to study medicine and physical culture in America and Europe. They have an active China Red Cross Society. The notion of man's duty to man as applied by medicine and hygiene seems established.

It is customary, in reciting for home (that is, western) edification the good works done by foreigners in China, to give a high place to medical and sanitary education and its results. Many regard it as the most beneficent contribution of the West to China. Among foreigners who are familiar with conditions there are many who doubt the value of Christian missionary propaganda, but it is seldom that one hears criticism of the medical work which in the interior is done almost altogether by the missions doctors and hospitals. One often hears: "Well, I



don't know about converting the Chinese to Christianity; but anyhow the missionaries do a lot of good medical and educational work." That remark gives the average of secular foreign viewpoint.

There is a minority opinion, highly intelligent and forward-looking, which believes that foreign medical education in China is detrimental to the Chinese and also that it is destined to grow into a menace to the western world. That view finds support in beliefs of the advanced school of biology in Europe and America, of which Albert Edward Wiggam is a leading protagonist. One need only glance at the chapter headings of Mr. Wiggam's book, *The New Decalogue of Science*, to discover the bases of the new thought. He utters five warnings, of which I will quote four: (1) "That the Advanced Races Are Going Backward," (3) "That the Golden Rule Without Science Will Wreck the Race That Tries It," (4) "That Medicine, Hygiene, and Sanitation Will Weaken the Human Race," (5) "That Morals, Religion, Education, and Art Will Not Improve the Human Race."

Those warnings read like a sweeping indictment of the so-called altruistic endeavors of the West in China, and one knows that long before Mr. Wiggam's book was written, many foreigners in China were opposed to the introduction of modern education and sanitation there, although those views were seldom uttered in public.

That hypothesis has its roots in political policy: in the purpose of predatory white nations to exploit the Asiatic peoples, which required that the white powers should govern and overawe them. Long ago it became evident that if Asiatics were ever imbued with modern political doctrines and gained enough education to apply their mass power intelligently, it would be difficult and probably impossible for western powers to hold their authority and influence over them. This explains why modern education



is not stimulated, is even repressed, in some Asiatic countries which are governed by white nations. In that situation education complicates the political problem.

It is only lately that the secondary aspect of that thesis, the ultimate effect of stimulating a physical renaissance of the Chinese, has begun to give uneasiness to foreigners who observe it and who are thoughtful enough to apprehend what it may lead to. Hitherto it has been the psychological effect of western education in Asia that was dreaded by certain policies. Now the physical effect of our influence and activities is beginning to cause an equal, perhaps even greater, alarm. An intelligent man may perceive a political inequity or injustice and may resent it deeply, but if he is a physical weakling he is not likely to express his feelings by the use of force to change conditions. It is a tradition that the British regard outdoor sports and athletics of all kinds more highly and practice them more devotedly than any other people, and often their genius for governing backward peoples and their ability to overawe orientals are attributed to their physical characteristics so developed. The notion of British athletic superiority has been pretty well shot to pieces in late years. Americans, and some smaller nationalities, can claim at least an equal expertness and position in athletics and sports. This, however, is a little beside the point I am trying to make. Wherever they have become established in Asia, the British devote themselves to athletics and sports as they do at home. But there is this noteworthy condition: While British in India, Singapore, Hongkong, and China go in for sports themselves, they seldom make any effort to teach their sports to the natives. On the contrary, a rather definite line is drawn in this matter. Everywhere in the foreign concessions in China where British influence has given form to local custom, Chinese are not allowed to use the



foreign athletic fields or to belong to the foreign sports clubs.

To give an example, the Shanghai Amateur Baseball Club, an American organization, has assigned to it for use in summer a part of the public recreation ground of the International Settlement (which was given in trust for sports) for a baseball field, but under the rule the American baseball club cannot use the field to play with Chinese teams. Japanese teams may play there, and a Korean team has also, but Chinese clubs are barred. I do not know whether there is a conscious political motive in that attitude of British in their athletics in Asia. The stock reason given at Shanghai is that Chinese cannot be permitted to use the foreign fields because there are so many Chinese they would crowd out the foreigners. But it is noteworthy that Americans have taken another course.

The progress which western athletics have made in Asia is due almost entirely to the Americans. In missionary schools and colleges, by the government in the Philippines, by the Y.M.C.A. organizations, and by individual effort, Americans have tried to teach Japanese, Koreans, Chinese, and Filipinos our sports and to encourage them to take part in them with us and among themselves. We are in a way to make baseball the leading outdoor game in Asia; already it is spoken of as the "national game of Japan," and it is equally popular in the Philippines. Some American enthusiasts at Shanghai, in coöperation with the Rockefeller Institute, have constructed a baseball and athletic field and organized a "league" which includes American, Chinese, Japanese, and Korean baseball clubs. Americans are responsible for initiating and organizing the Far East Olympic Games, which have become a biennial occasion. These games are held in turn in China, in Japan, and in the Philippines, and are participated in by



the young athletes of the three countries. As in America, participants must gain the honor of representing their nations by elimination competitions. All the important schools and colleges in China now (those under exclusive Chinese control also) have their athletic organizations, and inter-school meets are frequently held. Chinese girls are as keen for athletics as the boys are.

No distinctly British sport has taken root in Asia, and it is interesting to observe the British attitude in China toward this effort of Americans to inculcate in the Chinese the athletic spirit and to put into the minds of the youth of China the idea that physical culture makes them better men and women and helps them take part in promoting the progress of their country. Formerly the British attitude was one of detached aloofness—a kind of “really, it isn’t done, you know” pose. But the Americans went ahead, until now it is evident that western athletics are in the Far East to stay. In one or two generations more they will begin to tell in the physical and mental characteristics of the educated class of Chinese, by developing confidence and boldness and by overcoming the long-taught aversion to violent exercise and physical contacts. Athletics now are routine in the Chinese army.

In regard to wider consequences of a physical renaissance of Chinese, there are quandaries and paradoxes. It may be, from one angle of the thesis of Mr. Wiggam, that western medicine and hygiene will exercise in time the same deteriorating effects on Chinese as it is said to be doing now in western countries; that is, by changing the “survival of the fittest” process which has made the Chinese biologically perhaps the most formidable race on earth, it may bring them within range of and make them susceptible to calamitous disintegration, as it has done to black peoples in Africa and other places who, while strong enough biologically in their native environment, yield



easily when exposed to diseases of foreign importation. If such results follow in the path of western medicine and hygiene and the introduction of western habits in China, it may be that one thing will balance the other as between the two civilizations, and the political and economic outcome will not be materially affected. But, on the other hand, Lothrop Stoddard's theory may prove correct, and the Chinese, by following the survival of the fittest process for centuries after the white peoples deflected from it, may by now have developed a biological stamina which will enable them to resist and throw off the deteriorating effects of our medical and hygienic methods; in which case they would thrive and multiply and by sheer numbers become strong enough to expel the whites from that part of the world and to press outward for room on other continents.

## V

A FOREIGN ACTION in China to which western peoples "point with pride" is the maritime customs administration. Unless one excepts on high grounds some altruistic endeavors there, the customs administration may rank as the greatest benefit conferred by foreigners on that old nation.

That institution relates importantly to matters which lie at the core of international questions about China. It is the organization through which almost all dependable revenues of the Peking government are now collected and disbursed. If any kind and degree of foreign supervision of China's revenues continues hereafter, the maritime customs will be the center of that control. If a plan is adopted whereby foreign financial help can be applied to the reconstruction and stabilization of China, the "customs," or a substitute for it, almost surely will provide the way to carry out the plan. If China regains her tariff



autonomy, the customs administration in its present form will cease to exist.

Like many holds obtained by foreigners on functions and prerogatives of the Chinese government, the customs administration had its origin during the Taiping rebellion. The Taipings captured Shanghai native city in 1853, and for a while the custom house established there by the treaty of Nanking was closed. Temporarily the British and American consuls had their respective nationals continue to declare the nature of their imports and deposit bonds for payment of duty. In 1854 an agreement was made with the Shanghai Taotai, who was a refugee in the foreign settlement, by which the customs office was put under foreign control, the consuls of Great Britain, the United States, and France each nominating an inspector. That customs office opened in July, 1854. The system was found to work advantageously for both foreigners and Chinese, and after the Taipings were dispersed, a treaty was made creating a customs administration under foreign management and extending it to all the treaty ports.

In 1859 Robert Hart, a young Englishman, was appointed inspector general, and thenceforward the China maritime customs administration became associated with his name. Sir Robert Hart was inspector general until his death in 1911. He drew into the administration able young men of different nationalities and built up a world-renowned organization. For perhaps the first time in China's history there was an efficient and honest administration of revenues. The government soon realized the advantages to itself of a method whereby it procured a new and dependable income. In course of time the customs administration took on other functions; it collected dues on shipping, transit duties on foreign goods in the interior of China, taxes on opium imports, and some forms of likin. It organized and constructed a lighthouse system for the China seacoast and rivers. Men from the



"customs" organized and put into operation China's posts and telegraphs.

Then came the period of imperialistic penetration of China, and the wars and disturbances which got the Chinese government into debt to foreign governments and investors and caused it to hypothecate the customs revenues. That drew the customs administration into the scope of international politics and fastened foreign control on that part of China's fiscal system for the time while the foreign debts remain unpaid, unless New China determines to throw it off and develops the power to do that. Probably it was inevitable that an organization like the customs administration, with its international character and personnel, would become involved with the game which the diplomacies of Europe played in China in the late part of the last century and the early part of this. The "customs" pursued an incorruptible course as to its fiscal functions, but at times it was turned to political uses of foreign nations. A British minister at Peking arrived at an understanding with the Chinese government to the effect that the position of inspector general of customs would be given to a man of the nationality which has the largest imports to China. As Great Britain had then, and has had until lately, more imports than any other nation, that understanding nailed down the influential position of inspector general for a Britisher. Americans and other foreigners in the customs, no matter what their service and ability, could not get to the head of the organization.

The significance of that condition at this time is that it takes away from the Chinese government the right to select its own foreign employees and gives to one foreign government a kind of preferential position. It is not apparent that this little "joker" has been of much material help to British trade in China, although at times in the past it may have seemed to help it; but it is plain that



the British diplomats who obtained the ruling had national advantage in mind. One is impressed that the British in China still attach importance to holding this position. In former years there was a good deal of juggling of figures to keep British imports in the lead in the customs returns; and when, on the dismissal of Sir Francis Aglen, in 1927, a Japanese became acting "I-G," the British in China were disgruntled. In that way trade, and to some extent the diplomatic, rivalries of foreign nations were introduced into the administration of China's import duties, and they are there today.

One cannot trace developments in the last twenty years of foreign involvement with China's finances, without seeing plainly the constant anxiety and efforts of foreign governments to retain a hold on the customs administration and to extend the hold over other forms of revenue. The method of doing that is simple: make a loan to China, take a particular tax as security, place foreigners (of the nationality of the nation or nations making the loan) in charge of administration of the tax, and hold fast until the debt is paid. Under that system it may be feasible to keep China under foreign fiscal dominion indefinitely, for a weak and impoverished government is nearly always willing to borrow, and when in straits it will make almost any concession to obtain funds. Instances are known when loans of this kind were negotiated by the indirect bribing of Chinese officials, and with ulterior considerations in the background. When, on invitation of the American government, the existing international China Bankers' Consortium was organized in 1919 for the purpose of checking that kind of foreign financing, there was quiet maneuvering to establish its leadership and head office in London, and a memorandum capable of being interpreted to that effect was cleverly introduced into minutes of a meeting held in New York. That, however, is of little im-



portance now, for it appears that those ideas and practices regarding China's revenues and finances will be discarded in a few years.

Notwithstanding its creditable record and the constructive value it has had to China, the customs administration is a sore point now with Chinese nationalists. Its existence is a flat contradiction of an inherent sovereign right of China, fiscal autonomy. I think that if China regains tariff autonomy, the customs administration will continue to employ foreigners; but they will be selected by the Chinese government and will be replaced as rapidly as Chinese are trained to take the positions. This process is going on in the China postal and telegraph and railway administrations. I will quote from my correspondence written in 1925, prior to the meeting of the international conference at Peking to revise the China customs tariff and deal with kindred matters:

"It is evident to me that if America takes the lead (as must be the case) in a plan to extend financial help to China, the American government and American financiers and American investors whose money will provide the sinews of the scheme will insist on a large degree of American authority in the administration of the plan. If the customs administration is the medium for a new plan, then an American should become its head. Some foreign interests in China won't like that and will try to prevent it. A factor that enters into this question is 'face,' or prestige. For an American to replace a Britisher as head of the customs will, as many people think, cause the British to 'lose face' and will affect the whole British position in China. If that is so, then the converse is true, and to permit British or European financial experts to head such an administration when the money to finance it comes principally from the United States, can be taken as an admission that Americans are incapable of managing those affairs.



That is not the truth, and it will damage American political influence and trade prospects in China to allow the Chinese to have that impression. If America provides the plan and the means to help China financially, the principal positions and authority in its administration should be taken by Americans.

"There is another important point to remember in this connection. If there is any chance (which is doubtful) to induce Chinese nationalists to accept a workable plan for fiscal reorganization with foreign financing, it lies in putting the scheme under the aegis of America. I doubt if it is possible to put any plan into effect unless Chinese understand fully that most of the money will come from America and that the chief influence and authority in administering the plan will be American. That is the political psychology of the situation. The same reasoning applies also to any effort and proposals to retain a degree of foreign control over China's revenues. It may be possible to persuade Chinese to tolerate for some years longer a foreign administration of the maritime customs, but to do that I think it will be necessary to take away all appearance of British domination of the customs administration. The British in China do not like these things to be said, and one does not like to have to say them. But if the powers are to get anywhere toward easing this situation and toward lessening Chinese resentment against foreigners, they must take realities into account; and it is a fact with a great deal of precedent and cause behind it that Chinese have a strong distrust of motives and policies of some governments, and that they have now considerable belief in the friendly and unaggressive policy of the American nation."

If China remains a nation, the famous customs administration by foreigners must go the way of things that have lived out their time. But it will leave an indelible imprint on the administrative evolution of that nation.



# INFLUENCES

PROPAGANDA

THE RUSSIANS

JAPAN AND PAN-ASIANISM

WHAT OF THE BRITISH?

AMERICAN VACILLATION



## INFLUENCES

### I

**N**ATIVE and foreign propagandas concerning China that are active in that and other countries have an important relation to world politics.

Americans are inured to political propaganda, especially that having international bearings, and to some extent they are immune to it. It comes to them in many forms: wearing the robes of church dignitaries, the gowns of university professors; in royal and princely guise; camouflaged as business and social visitors and as sportsmen and sportswomen, and of course as a continuous flood of publicity. I do not imply that foreign propaganda has hurt our nation. The contrary probably is true, on the whole, for if given time enough, any propaganda is sure to create its own counteraction, leaving a net educational value. The waves of foreign propaganda that have swept over the United States have made intelligent Americans vigilant and sceptical.

If in recent times the Chinese have appeared backward in getting into the swim of organized diplomatic propaganda, that is because in comparison with other governments and peoples their efforts seemed insignificant. China has not had the money for an extensive propaganda abroad, and the Chinese as a rule have not understood its importance to them. The government has not been able, as other foreign governments have been, to finance in America the propaganda intended to influence American foreign policy in their favor. But the Chinese are learning about modern political propaganda. In some



ways they have raised it to the realm of art. At times mendacious propaganda in China is so plausible that action follows its suggestion; at other times it defeats its object by anticipating events.

Among hundreds of native-language newspapers published in China, I know of only two or three which are not outright propaganda organs. A majority are organs of Chinese militarists. Some are organs of Chinese political groups. Some are subsidized by foreign interests and governments. A few newspapers and magazines exploit the new social and intellectual "isms." Nearly all of them are sensational. Under the rule of the tuchuns native journalism in China is a precarious and hazardous occupation. At Peking, in 1926, a Chinese editor was taken from his home at night and shot summarily. He had no trial and was not openly accused of any infraction of the law; he was arrested and executed by order of a general who was not presumed to have authority in Peking then. Other editors have been imprisoned without trial. Several times in his adventurous career Eugen Chen, usually newspaper editor and writer and sometime foreign minister of the "nationalist" government, has languished in jail; twice he was condemned to death; once he was saved by intervention of foreign friends, and another time a sudden shift in fortunes of the tuchuns released him. A Chinese editor at Peking, being forewarned, escaped into a foreign settlement, whereupon his wife and children were held as hostages. At Shanghai in 1927, Francis Zia, editor of a newspaper published in English, was kidnapped in daytime in the middle of the International Settlement, thrust into a motor car, and taken outside the settlements, where he might have been executed had not his friends among the foreign newspapermen interceded; as it was, he was held prisoner until the nationalist armies neared the city. Those are a few outstanding cases. There are many more.



Nevertheless, Chinese newspapers abound and multiply. Editors can always be found who are willing to take the risk, although they are poorly paid. It may be the fascination of politics that attracts them. Or it may be the journalistic urge. Chinese newspapermen are in the thick of the New China movement and at the forefront of the nationalist agitation. Many of them were educated abroad and have worked on newspapers in America and Europe.

Hardly any political or military news, except routine matters, printed in the Chinese press, is dependable on its face. It is usual with those who try to keep pace with events to take news of the civil wars and political intrigues published in the native press organs as meaning the reverse of what they state. Often when General So-and-So's press organ, or publicity bureau, gives out a statement, or a denial, it is done to cover up something. Sometimes the first intimation of a success or a reverse is given by propaganda denials. Reporters and editors are not altogether to blame for this condition. They risk their property, and sometimes their lives, by publishing news or comment that displeases a militarist.

An unusual bit of propaganda occurred at Shanghai. An American mission worker who had spent some time in the northwest provinces organized what he termed a "prayer meeting" in behalf of Marshal Feng Yu-hsiang, called the Christian general. A foreign theater was rented, and the prayer meeting was advertised in the newspapers. Because of Marshal Feng's alleged Bolshevik leanings and associations the meeting attracted considerable notice. There was a fair attendance, principally Chinese; probably a majority went from curiosity. After a laudatory address on the virtues and work of Feng Yu-hsiang, there were prayers for him. The proceedings were dignified and reverential. It appeared that the meeting was prefatory



to a visit to America of some Chinese Christian ministers who are supporters of Feng.

For some years Chang Tso-lin financed a propaganda in America and Europe to make the Manchurian dictator known abroad, and having also, apparently, the purpose of attracting attention to possibilities of agricultural, industrial, and commercial development in Manchuria. At one time Chang cherished (or his advisers made him believe in) the idea that his development projects could be financed in America. But the main purpose of Chang's propaganda was political. Chang believed his destiny was to become the ruler of China, and he was preparing to get accepted as such by foreign governments and by foreign financiers and investors. Chang Tso-lin owns newspapers printed in English at Tientsin and Shanghai.

Of distinctly foreign propagandas operating in China, and with distribution in other countries, noteworthy ones are the Russian, the "standpat," and the Japanese. "Standpat" is my own term and is meant to embrace those foreign elements which for complex reasons want to hold the treaty status quo and its associated privileges and usurpations. The center of standpat propaganda is the Shanghai municipal council, the administrative organization of the International Settlement there. There is no secret about the council's connection with propaganda; it has a bureau for the purpose. Sympathetic with that quasi-official propaganda and to some extent coöperating with it is the Constitutional Defense League, an organization formed to counteract Russian propaganda in China, or to fight "Bolshevism." That league holds occasional public meetings and issues bulletins. Local foreign authority pulls with it. The following items from the *Municipal Gazette*, official publication of the International Settlement, indicate a trend of that propaganda:



*Communist Activities.*—In addition to taking a leading part in the promotion of various agitations against foreigners, local Communists devoted considerable effort during the month to the formulation of new schemes. They also supported the various strikes, and advanced in every way possible a demand for the reopening of the Shanghai General Labor Union. The chairman of this organization is now arranging to make a personal appeal for strike funds in Moscow.

*Anti-Bolshevik Campaign.*—The measures enacted for the suppression of Communism following the advent to power of the present administration in Peking are being continued, and seem to have the approval of responsible people in all parts of the country. Local societies of various political views decided during the month to bar from membership all adherents of Communism, and some Chinese schools took disciplinary action against pupils who engaged in Communist propaganda. Moreover, an announcement has been made that the Chinese authorities are contemplating the introduction of regulations for the control of schools and universities, and that they intend to take drastic measures against Communists in Chinese territory if they do not abandon their agitation. Meanwhile the municipal police continue to communicate to the Chinese authorities intelligence about activities in their territory, and are taking special measures to prevent the establishment of agitation bases and the sale of inflammatory literature in the settlement.

When that issue of the *Gazette* was published, the local Chinese authorities were thought to be anti-Communist and were opposed to the "nationalists"; at the moment Shanghai's foreign authorities preferred the Chinese local régime that existed to another that might replace it. The northern militarist faction were just then posing as anti-Bolshevik.

One is impressed by the stressing in much foreign propaganda concerning China of the need to "correctly in-



form" the American government and people in America about conditions there. By way of informing Americans some naïve suggestions are made. The correspondent in America of the *North-China Daily News*, principal British newspaper at Shanghai, wrote:

It is, moreover, a curious thing that in the United States most "interesting" articles on China are by persons who have lived in the country for a few months only. They are the typical American journalists looking for a "story." And if the average editor here were offered two "stories," one written by any one of the many experienced men in China who write for the *North-China*, and the other by a young American fresh from some "School of Modern Journalism," I'll wager my boots that the young journalist would collect the fee and the experienced hand in China would get the rejection slip. One of the finest things that could take place in China at the present moment would be the appointment of an American of long experience in China, who has not been home to the States recently enough to have become affected by the backwash of sloppy sentimentality which permeates all strata of American society when discussing men and things Chinese, to act as an official "eye-witness." His work would be to write articles of undoubted truthfulness, without bias and drafted from the widest international angle, which would be circulated in every daily paper and every weekly and monthly magazine issued in this country. No press telegram should be sent from China until it had received his O.K., nor any articles or illustrations published without his approval.

I foresee difficulty in putting that idea into effect. Where could such a journalistic Solomon be found? And my observation is that foreigners who have lived a long time in China differ as extremely in their opinions about affairs there and about what ought to be done as late arrivals do. That suggestion of a way to form American opinion was appended to an argument that a correct policy of the powers toward China is prevented, chiefly, by



lack of understanding of the situation by Americans. It is axiomatic with some writers, who have been in China long enough to take in the conventional treaty-port viewpoint, that if people in the home countries knew the real conditions there the situation would be cleared up soon—an obvious fallacy. Americans may reflect why diplomats and people of other nations think it is so important to “educate” us about China.

## II

THERE ARE many kinds and shades of opinion about the extent, character, and objectives of Russian propaganda in China. On only one point are foreign observers generally agreed: that Soviet influence and intrigue are formidable now in eastern Asia.

That opinion came by evolution. I recall when, a few years ago, a majority of diplomats at Peking and foreign business people in China rather pooh-poohed the idea that that country might become Bolshevized. Enormous publicity was given to the theory that the doctrines and practices of Bolshevism are repulsive to Chinese traditions, customs, institutions, education, and character. Except by a few persons it was not believed that this new idea out of Russia could penetrate China in a really significant way.

I was of the minority who saw quickly after its outburst on the world's political scene that Bolshevism might move eastward. In a book of mine published eight years ago I wrote: “Japan . . . should be comparatively immune from such penetration, but a loosely organized and governed democracy like the Chinese are susceptible to it.” Perhaps it is natural and logical that those who at first felt no apprehension about the spread of Bolshevism in that direction now regard it as a hydra-headed monster which, unless somehow it is killed, will overthrow what re-



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mains of order in China. To a large foreign class there the term "red terror" now has a realistic meaning.

The thing called Bolshevism has two forms or phases in China. One form is its influence and effects as a political doctrine. The other phase is its influence and effects on international polity. The two forms are distinct, but they are closely related and interdependent.

Bolshevism, or communism (the terms are used synonymously in China), as a political practice among Chinese was, until 1927, confined to the region of Canton, where it found a number of conditions already shaped for its purposes and arguments. There was a government which repudiated allegiance to Peking. There were the perpetual irritations with Hongkong. There were Sun Yat Sen and his followers—a group of Chinese "advanced thinkers" who vaguely aimed at bringing on political and social revolution, and who especially aimed at restoring China's sovereign rights. That ground was already plowed for the sowing of Soviet propaganda.

I will not describe in detail the communist methods as exemplified at Canton. In general they are like acts and policy of the Bolsheviks in Russia, although at Canton the extreme of Soviet administrative practice was not reached. Methods applied there in the years 1925 and 1926 were confiscation of public and private property, enforced special taxation, arbitrary levies on wealth and business, arbitrary arrest, imprisonment, and execution of citizens and political opponents. During that time a number of communist Russians were advisers to the Canton régime. The Soviet consul general at Canton was ex-officio member of the Chinese "red" ministry. Methods of the Russian chekka were used at times. A body of Russian soldiers were part of the Canton government's forces. (It should be said, here, that at all times in late years more Russian soldiers were used by the northern Chinese mili-



tarists than by Canton; and in 1926 the Shanghai International Settlement organized a battalion of paid Russian troops). Russian officers conducted a military academy for Chinese cadets at Canton and helped train Cantonese troops.

The foregoing outline is given not so much to illustrate Bolshevik methods transplanted to China as to explain counter-reactions of some Chinese. Even before the "Canton government" moved northward and carried the communist doctrine into middle China, many Chinese had become hostile to the "red" element. There was a revulsion from Sovietism that forced some of the radicals at Canton out of office and caused a turn toward moderation. But in China, as in other countries, there are men who expect to profit selfishly by a complete political and social overturn, and who will cast their lot with any party that professes those objects. Transition from accustomed administrative processes to communism leads into confusion and a period of lawlessness, of looting in the name of authority, of seizing property and wealth by trumped-up methods. Such an opportunity tempts unscrupulous men.

It is hardly possible, except by hearsay, to know to what extent Sun Yat Sen was influenced by the Russian Bolsheviks. Some of his close advisers have told me that Sun never believed in Bolshevik political doctrine, that he merely recognized how Soviet influence in the Far East might be useful to China in international affairs, and how it could give Kuomintang a leverage on internal politics. That may be so. It is not of much consequence now that Sun is dead. But if Sun was astute enough to see through the wiles and sophistries of Soviet agents and to turn them to his own uses, many younger Chinese in Sun's entourage were less experienced and became imbued with communist ideas. After the death of Sun Yat Sen, when his restraining and guiding hand was removed, the strug-



gle between the "reds" and the moderates for control of Kuomintang came into the open.

In north China, Bolshevik influence had a different form. The diplomatic flirtation of Peking with Soviet Russia, which commenced soon after the World War, reached its climax in 1925, when Feng Yu-hsiang dominated the old Manchu capital. Feng was forced by conditions and circumstances to lean toward Russia. His great rival for power in the north, Chang Tso-lin, is located so that he controls all avenues of transport into north China except through Russia. Feng's territory, as long as he is confined to the northwestern provinces, is cut off from communication through middle China; he could not get arms and munitions by that route. Also, Chang Tso-lin is credited with diplomatic support from Japan. That geographical and political situation throws Feng Yu-hsiang back on Russia. Supplies can be brought across Mongolia by motor transport. Those supplies can come from European Russia or, by entering at Vladivostok, they can be taken over the Amur and Siberian railways entirely in Russian territory to a point near Urga, thence to Kalgan. In any collision with Chang Tso-lin, or with the tuchuns of middle and western China (Feng's mortal enemy, Wu Pei-fu, holds some territory in that region), Feng's line of communications is through Siberia. While that situation continues, Feng can be expected to be friendly with Russia. The collocation does not prove that he is a convert to Bolshevism any more than his strategical position and relation to Japanese interests proves that Chang Tso-lin is pro-Japan. Policies of both those chieftains are influenced by practical considerations.

At one time Chang Tso-lin was very friendly with Comrade Karakhan, the extremely capable representative of Russia at Peking from 1924 to 1926; but they fell out over the matter of railway management and development



in Manchuria. Chang wanted to build new railway lines, and Karakhan obstructed those projects because as things stand Chang will use Japanese capital, and Russia probably figures that that would extend Japan's influence in Manchuria and affect the Chinese Eastern Railway, in which Soviet Russia retains an interest and a share in the management. Thus the old diplomatic contest over communications and strategy inside China goes on.

The foregoing outline indicates that Soviet influence in China took hold at two extremes, north and south, and with Chinese political groups that were antagonistic to each other. But while that opportunism of Soviet diplomacy and propaganda is apparent, there is evidence that its purpose was deeper and aimed at implanting communism in China. Since the World War, Russia has sent to China as its diplomats and agents abler men than those who have acted for the other powers. Yourin, Joffe, Karakhan, Borodin, Galen, and many others of lesser note are men of extraordinary ability and personal magnetism. In many ways they have outthought and outmaneuvered the diplomacy and propaganda of anti-communist governments.

### III

WHAT IS TERMED "anti-foreignism" in China is a complex of emotions, resentments, sentiments, ambitions, and aspirations of the Chinese, which it is hard to classify positively. Traced to its fundamental causes, it comes from two kinds of foreign actions—acts of governments, and acts of individuals.

Distinctions must be made about what for want of a better term may be called "public opinion" in China. In a political sense Chinese are divisible into two classes: (a) political actives, and (b) political inactives. It is doubtful whether the political actives number half a mil-



lion, and that will include all Chinese who have even a vague conception of political actualities. About 5 per cent. of Chinese are literate, but by no means are all literates political actives. (It should be said, however, that conditions change so rapidly that estimates need to be revised frequently.) The political actives should be divided into effectives and ineffectives. It is doubtful whether Chinese political effectives number ten thousand in the whole nation. The remainder of the actives form a background for intriguing and maneuvering of the effectives, a sort of chorus which is apostrophized as "the people" in manifestoes of political leaders.

Political intelligence of the nation, as it can be comprehended and felt by foreigners, is confined to a few thousand persons. The mass have no accurate conception of modern political thought and institutions. They live and act usually from habit and tradition. Occasionally, when an idea has been implanted in their minds by repetition, the mass can be stirred into action by political leaders and made to move with an appearance of intelligent purpose. Being in the main illiterate and having no definite convictions about government, the mass are unable to discriminate among political doctrines. Therefore (except as tradition and habit make them conservative) they have little power of resistance to propaganda. In that they are like the Russian mass, who could be led headlong into political experiments. As a contrast to that broad condition can be cited the American people, who have fairly definite ideas and beliefs about the fundamentals of government and therefore have a strong ability to resist propaganda designed to change their institutions.

Under those conditions and lacking effective counteraction by the stable western governments, together with extensive contiguity with Russia, it is not surprising that political thought among Chinese actives should be recep-



tive to Soviet propaganda and that some of the effectives should find advantage in taking it up. However, as I see the situation, whatever influence the Russians have been able to exert on the Chinese is due scarcely at all to acceptance of Soviet ideas of government as being useful to China. The influence of Russia is due to analogies of Russia's experience with the principal powers to the case of China. Soviet Russia (being in a position where she almost had no other feasible course) consented to revise the old treaties with China and to give up extraterritoriality and consular jurisdiction, and having done that she was able then to argue that the other powers' still holding to the unilateral treaties shows that they still hold to an imperialistic policy vis-à-vis China. The Chinese therefore should be on guard against those powers, can expect no relief and succor from them, and should turn for sympathy and help in throwing off their domination to their friendly and democratic neighbor, Russia.

That argument is logical when presented to the Chinese, and it has enough of fact to support it to make it effective. It was inevitable that Soviet propaganda (indeed it was skillfully so contrived) should sympathize with the wave of anti-western sentiment which has been growing among Asiatics, especially since the peace conference at Paris, and which now in China opposes and agitates against every form of foreign privilege there. A condition has come about in which almost everything which foreigners do in China, even when within their rights and when their activities operate to the material and cultural advantage of the Chinese people, is an aggravation to them and is artfully used by the Russians and by some Chinese politicians to gain a factitious popularity. Nevertheless I cannot see that Soviet propaganda has caused the swing of Chinese psychosis toward anti-foreignism any more, if as much, as conclusions which the Chinese derive from



what they observe and experience in acts of other nations and in the trend of world politics. It is not what Soviet Russia is doing in China or in regard to China that lies at the root of anti-foreignism. If I were to try to apportion responsibility among governments for the present situation I should put Great Britain first, Japan second, and the other powers trailing somewhere behind. That takes things back at least fifty years, and it has been a gradual, an uneven, but on the whole a logical development and outcome. When Chinese mass psychology tries to strike especially at British position and interests, it is not striking blindly, as there is a strong effort in some quarters to show, but, on the part of the mass, from an instinct which feels where the great opponent to a liberated China is, and on the part of the political effectives, from a knowledge of the working of diplomacy in the last fifty years.

To get at the true situation one must comprehend something of the fundamental clash of policies in Asia. Great Britain's China policy has been (and still is in its local psychology) rooted in India. Its keystone is rigid white domination and firmness in dealing with the brown and yellow peoples. Time washes away constantly at the foundations of that policy, making its practice always more difficult, now threatening it with complete breakdown; but it retains an astonishing vitality. It is that thesis which so strongly resents in China, in regard to the Philippines, and elsewhere, what is called "American altruism," and which blames American missions and education for implanting the doctrine of political and national rights in Asia.

That Americans in China and the policy of the American government toward that nation have contributed powerfully to bring on the current form of anti-foreignism is evident. But our influence has been partly unconscious.



Unless we kept away from Asia altogether (and geography makes that practically impossible), we could not prevent ourselves from conveying there our political concepts and our belief that the key to desirable political evolution is general education. And I see no way to make Asiatics unlearn what they have learned from the West or to prevent them from continuing to learn. It seems futile now to assort and assay meticulously the effects of international influences which have contributed to a composite effect.

A powerful influence has been Japan's Pan-Asian doctrine and the propaganda the Japanese government and press have conducted to promote it. After success in the war against Russia, Japan had a vision of obtaining the hegemony of Asia, and she started to uproot there the idea of unshakable white supremacy. I will not give details; to outline the thesis is sufficient. Taking the defeat of Russia by Japan as an illustration and object lesson, Japanese worked steadily on the theme of a revitalized Asia casting off, under Japan's teaching and leadership, white domination and imperialism. In many ways Japanese sought to permeate China and India with this idea. The propaganda had a direct association with the controversy about Japanese immigration to the United States, with Japan's demand at Paris and Geneva for Asiatic equality, and with other international questions. It contributed particularly to the rise of nationalism in India.

But it is doubtful if Pan-Asianism, and Soviet propaganda, and all other foreign influences together, have had as much effect in breaking down in China the idea of white superiority and unassailable supremacy as did the propaganda conducted there during and after the World War by the Allies. Before the war all white people had much the same character in the eyes of Chinese. All of the white powers except America had offended by



aggressions and encroachments on China's territory and sovereignty. All the powers except America had exacted swollen indemnities from China. Russia and Germany were no worse than the others. On the contrary, I think that Russians and Germans have known how to make their aggressions less distasteful and aggravating to the Chinese than other nationalities have. Germans are good "mixers" with the Chinese, and as Russia has a strong Asiatic tincture, there never have been between Russians and Chinese the racial and social gulfs which divide the other westerners from them.

During the World War the Allies conducted in China and throughout Asia a propaganda representing the Germans as committing every kind of atrocity and as being capable of every kind of baseness and treachery; in fact, as being outside the pale of civilization. At first that bewildered the Chinese, and in the end they believed some of it and disbelieved the remainder. But what they believed about the Germans they applied equally to all Europeans and to some extent even to Americans. It might have been foreseen that that propaganda would weaken the morale of all white peoples in Asia. But war propaganda discards reason and foresight.

The scene had been set for the Bolsheviks by the very governments which now seek to divert attention from their own policies and acts and responsibility by blaming Soviet propaganda for what is happening in China. It is reasonable enough to Chinese (even to the intelligentsia) when Soviet agents and press say in effect: "Well, about those capitalistic powers: you remember that early in the great war when Russia was sending millions of her sons to die on the battlefields fighting Germany, the Allies had only praise for us. Yet it was Imperial Russia, which at times aggressed on China, that they praised. When the Russian people rose and overthrew that Imperial govern-



ment and refused to be sent to the slaughter in a capitalistic war, our allies had no further use for us, and now they rate us lower than they do the Germans. Soviet Russia has given up the unequal treaties with China, and extraterritoriality. But the capitalistic powers still hold those privileges against China's wish. What conclusion is to be drawn? Who are the real friends of China?"

That argument, and not propaganda seeking to introduce the Soviet form of government into China, indicates the real power of Russian influence now. The implications to the Chinese of failure of the powers to revise the treaties are plain, and that course gives Soviet propaganda a powerful stimulus.

It is not necessary to stress effects of the conduct of individual foreigners in creating anti-foreignism. This is an influence, but it is apt to be exaggerated. One might cite thousands of instances of rudeness, abuse, and lack of decent respect for Chinese by foreigners, and some cases of cruelty and rank injustice. These things have a way of fading out; they remain a residue in the back of people's minds, but time tempers them. I think the Chinese rather like foreigners as individuals, although no doubt there are exceptions. Hostile feeling of that personal kind can be removed gradually by a change of conduct and attitude of foreigners. It is not a decisive influence on the broad relations of China with the West.

The base of anti-foreignism in China lies in acts and policies of governments. A majority of respectable Chinese are averse to Bolshevism now. They fear its spread and effects and are trying to arouse and carry on an opposition to its doctrines. It is debatable whether the general attitude of foreigners in China and policies of the stable powers are helping conservative Chinese to fight Bolshevism, or if, instead, they are giving indirect aid and countenance to Bolshevik diplomacy and propaganda. It is



plain that the two phases of Bolshevism exhibited in China now are related as cause and effect. Soviet influence got a foothold there because of application to China's international position and to issues of the new nationalism. Having for those reasons gained the sympathetic attention of Chinese progressives and patriots, it was possible then to get attention for Bolshevik political doctrine and to make some converts.

At times Russian diplomacy and propaganda overreaches itself and gets a setback. Sometimes that is because of a conflict between broader political expediency as represented by the higher diplomacy and enthusiasm of the Russian communist propagandists. That conflict is incessant in China, as it is in Russia, and it weakens Russian influence. But those setbacks are evened up by help from the anti-Bolshevik foreigners. A good deal of foreign anti-Bolshevik propaganda helps Bolshevism more than it hurts. Arguments that controvert the Soviet propaganda, however sound they may be academically, have little effect as against the unsympathetic attitude of foreigners and the foreign press in China toward aspirations of the new nationalism, and their incessant criticism, usually in an irritating and condescending tone, of almost everything in the country. Bolshevik propaganda in China in these times needs to do little else than take from day to day matter published by the foreign newspapers that are organs of the standpat class, translate it into Chinese, add some political embroidery, and give it popular circulation.

I will give an example of that. In 1926 a French news service at Peking published an extraordinary tale, which is supposed to have been "picked up" by radio, to the effect that the principal powers had decided to intervene in China with force. By most people the story was taken as a canard perpetrated by a humorous radio amateur



or operator. It would have been forgotten quickly under ordinary circumstances. But the Peking correspondent of the leading British newspaper in China, published at Shanghai, chose to devote a three-column article to that tale, setting out every argument in favor of military intervention, and saying plainly and forcibly that although the story probably was a canard, it was a pity and a shame that it was not true. This language was used: "At the outset it did not seem possible that anything so thoroughly in keeping with the legitimate aspirations of the foreign communities in China and so fully expressive of their cherished opinions could possibly have been concocted in European capitals." The policy presented by that writer as being "thoroughly in keeping with legitimate aspirations of the foreign communities in China and fully expressive of their cherished opinions" is an invasion of China by foreign troops and the government of that country by foreign powers. A translation of that article was given wide circulation by Soviet propaganda.

The foreign press in China has an influence out of proportion to its number and circulation. How that influence was exercised and felt during the period under discussion is indicated by the observations and comments of two Englishmen. In 1926 the Labor party in England sent one of its members, Colonel L'Estrange Malone, M.P., to investigate conditions in China. In his report Colonel Malone wrote: "Probably the American press in China more accurately portrays the real sentiments of American democracy toward China than does official policy here. Mr. MacMurray, the American minister, is helped by this press, just as Sir Ronald Macleay, British minister, is hindered in his dealings with the Chinese by the bitter abuse of the British press in China. The American press is sympathetic and humane toward China, and thus creates the impression that American policy is benevolent; whilst the



British press, by never missing an opportunity of being offensive to the Chinese, and by always adopting the most reactionary outlook, gives the worst possible impression of British policy. Actually, neither the British nor the American press is official, but they have their great effect." In a public address at Shanghai made toward the end of 1926, Mr. L. A. Lyall, who spent the greater part of his life in the China maritime customs service, said: "I would like to make a practical suggestion, that the British press in China should be published in the Russian language, and then the Soviets will get the benefit of the ill will it creates and not the English people."

When newspapers that are presumed to, and which to an extent actually do, reflect policy of governments, say that those governments have no thought of using force to coerce China and have only sympathy for the nationalist aspirations, while at the same time they publish continually matter which advocates or thinly euphemizes a policy of armed intervention, it is easy for Soviet propaganda to convey the implications to the Chinese.

In their eagerness to stigmatize Russia in the eyes of Chinese, officials of other powers in China commit acts of, possibly, a double-edged effect. Shortly after the attacks by Chinese on foreigners at Nanking, in March, 1927, and when there was a concerted effort to put responsibility for that outrage on the Chinese communists and their Russian advisers, a majority of the diplomatic body at Peking granted permission for Chang Tso-lin's soldiers to enter the Legation Quarter and to search the premises of the Russian embassy. It is charged, with an appearance of truth, that the action was instigated by some of the foreign legations. In the private records and papers of the embassy were found a mass of information relating to espionage and propaganda and to military plans and possibilities. Portions of that matter were published with



the purpose of creating a sensation and proving that Russia is intriguing against the peace and security of every one else in China. Those disclosures do not seem important to me. One takes those things for granted. I think if the private papers of some other legations at Peking were published, the disclosures would be far more interesting and sensational. Coincident with that "raid" on the Russian embassy, the municipal council of the International Settlement at Shanghai "picketed" the Russian consulate there for a few days by stationing volunteer troops and police around it. The consulate was not entered, but persons who entered and left the building were questioned and searched. The purpose of that action was the same as that of the "raid" on the embassy, to put the Russians under suspicion before the Chinese. I do not think either of those actions will influence the Chinese nationalist movement. Chinese intelligentsia regarded them rather contemptuously. They are comparable, in their broad implications, with the anti-German propaganda of the Allies in China during the war and with the German deportations.

A philosopher once said, in effect, that patriotism is an anti-foreign complex. It was almost inevitable that Chinese patriotism, when its revival began to take modern form, should have an anti-foreign bent. That is so because the great issue that inspires the new nationalism is restoration of the nation's sovereignty. It is correct to call this movement, as Chinese do, a "recovery of national rights" policy. Recover from whom? A nation's sovereignty in that sense is impaired only from without. Therefore Chinese think that recovery of sovereign rights means to get back something which foreigners have taken from China.

Foreigners in China say to Chinese: "But if you want to regain your entire sovereignty, the way to do that is



first to become strong within. Straighten out your government, and the rest will be easy."

Chinese nationalists reply: "True enough. We lost part of our sovereignty because of our internal weakness as a nation. But do you imply that what we lost can be recovered only by a use of strength? That is a challenge."

Nations which once reproached the Chinese for lack of patriotism, and said their language did not contain that word, are uneasy now when it appears.

#### IV

IT IS A COMMONPLACE assertion of foreign diplomats in China, and of foreign statesmen talking about matters relating to China, that their governments are "disinterested" as to the domestic politics of that nation. They deny that they and their governments interfere or meddle in the occasions and outcomes of Chinese civil wars.

A goodly part of that attitude is obviously pretense. No Pacific Ocean power can be disinterested about political events and trend in China. The diplomatic euphemism "disinterested" means, possibly, only that governments say they have no wish or purpose to interfere there, or to give aid to any side in the domestic antagonisms. It is certain that the actual Pacific Ocean powers are much interested and deeply concerned about everything that seriously influences the political evolution of China. Those governments assert, however, a "hands off" policy during this stage of China's reformation, or dissolution, whichever it turns out to be.

Since relegation at the Washington conference of the international regional agreements concerning China, the only powers seriously accused of trying to incite and give direction to Chinese turbulences are Russia and Japan. Many observers see in that condition the prelude to another war between those former enemies and, for the last



ten years, quarrelsome friends. Manchuria is the focus of that juxtaposition. I have been sceptical about an early collision of those powers. Nor do I see in issues posed in Manchuria now an actual imminence of war. The clash of interests is plain. Manchuria was the scene of one great war fought because of the same national needs, desires, ambitions, and impulses which compose the present situation. A diplomatic contest for advantage there goes on unceasingly.

A prerequisite of wars which are deliberated is that one of the belligerents must be ready. Readiness in such cases means more than military preparedness. It includes collateral factors: diplomatic arrangements and combinations, finances, credits, attitudes of contiguous nations and neutrals, policies and alignments of other important powers, and the like. I cannot feel that the military party in Japan has given up its imperial dreams and purposes, but since the Washington conference, conditions have made it expedient for Tokyo to drop or camouflage its aggressive tendencies toward Russia and China.

Twenty-five years ago the dominant foreign influence in Manchuria was Russian. Russia then held the Liao-tung. Vladivostok and Port Arthur were fortified. The railway system in Manchuria was under Russian control. Now Japan has Port Arthur (Dalny). Vladivostok is not fortified. Japanese railways hold Manchuria tightly well into the country; the Japanese have added several lines to those taken from Russia, and they intend to build more. Russia retains nominal partnership in the Chinese Eastern Railway, and her influence, supported now by a large Russian population in central Manchuria and along the Amur River, is still strong.

Meantime China has made progress by way of shaking off foreign restraints and has gained some strength from changes in international alignments and sentiment. By



the latest agreements Manchuria is recognized as a part of China. New treaties have been made between China and Russia by which China's authority in northern Manchuria is restored. While the Chinese have not broken Japan's hold, that has lost the greater part of what it previously had of international recognition and sanction. Japan's territorial and other status in Manchuria is nebulous now because the Peking government has denounced the Liao-tung lease and other concessions and privileges.

But while Japan's treaty status there is uncertain, her position in Manchuria has been strengthened in some ways. Russian efforts to detach Chang Tso-lin from the Japanese have failed. Realizing the impermanence of Russia's rapprochement with Japan, and desirous to keep a hold on railways in Mongolia and Manchuria that connect with the Amur and Siberian lines, Moscow tried to negotiate a private railway convention with Chang Tso-lin, and also one with Peking. Japan watched those moves closely, frustrated them in so far as could be done without straining relations with the Soviets, and made counter-moves to tighten her own strategical position by some "feeder" lines connecting with the South Manchurian Railway. The old fight was on again. If the Japanese had Chang Tso-lin, whose location and needs brought him distinctly within their "sphere," under influence and a degree of intimidation, the Soviets could play that game too, and their opportunity came when Chang became estranged from Feng Yu-hsiang about their comparative power in the Peking government. Thus after 1924 the diplomatic warfare between Japan and Russia in the North was carried on behind the scenes of a rivalry of Chang and Feng. That brought those powers into the Chinese civil war game.

In 1925 a conference was held at Moscow in which Russia, Japan, and China participated, to discuss their



connecting railway interests in eastern Asia, and especially in Manchuria, where all of them overlap. Nominally that conference was economic. It had to do with such matters as transshipments, rates, connections, through tickets, mails, freight charges, and the like—an ordinary traffic convention. But it developed that the main considerations with all the governments were political and strategical, and the conference accomplished little.

Foreign military observers who have studied conditions in Manchuria and Mongolia and eastern Siberia lately think from what they see there that war will come soon. They notice what to them are unmistakable military and strategical preparations and dispositions. They cite the chain of hotels which the South Manchurian Railway has built along that line. Those hotels maintain a complete service to entertain so few guests that they must be operated at a heavy loss. "Hotels?" say the military observers. "You mean hospitals." They comment on the large base hospital recently completed at Dairen. "What ordinary use is there for that hospital?" say the experts. "It is the big base hospital, and the Yamato hotels are the branch and field hospitals camouflaged for peace time. They can be converted into hospitals at short notice. Of course the Japanese finance Chang Tso-lin's arsenals and supply him with experts. Those arsenals will be useful to Japan if war comes."

Tokyo fears, or pretends to fear, a communistic penetration of Japan by way of Manchuria. If that region falls into confusion like other parts of China, and the eastern provinces break into sections, each under control of a different Chinese militarist, it might be easy to Bolshevize them. Tokyo believes that Moscow plans to accomplish that. To the south lies greater China, alive with fresh ideas of national recovery, wanting to hold and keep her rich and underdeveloped northeastern provinces,



and jealous of every move of Russia or Japan to consolidate their positions. It is the same triangle that existed twenty-five years ago.

Experts believe that all those nations will go to war rather than abandon their objectives. But none of them is ready now. Japan is well enough off in military preparedness. But she is politically and diplomatically unready. Diplomatically Japan is isolated. Politically she is shaken by an upheaval of new and disturbing internal forces. Economically she needs time to recuperate. Russia is more unready than Japan. And China is less ready than the others.

## V

AN OBSERVER who remains in China over a stretch of time, and who from experience has a background of the politics of the Far East, will have no difficulty in picking out instances in which foreign powers show a special interest in what happens. Japan's part in shaping events in Manchuria late in 1925 is a good example.

Such a story is necessarily a complex of diplomatic poses, statements, denials, evasions, and admissions; of inspired press propaganda; of stray and apparently unrelated facts which slip by the diplomats and censors and get into print here and there; of details brought piecemeal from the scene by unprejudiced observers; and of reasonable deduction from it all. The significance of Japan's acts in that matter applies more importantly to polity in eastern Asia than to an outcome of one of China's domestic upheavals, for at Washington in 1922 the powers agreed that none of them would make or seize an occasion of China's internal disorder to promote its own interest.

The treaty status of Japan in Manchuria is clouded. Japan has military possession of, and a civil government in a part of, the nose of the Liao peninsula projecting out of Manchuria into the Gulf of Chihli. That position was



acquired from Russia after the Russo-Japanese war. Russia's original lease on Liao-tung has expired, and the Peking government refused to grant an extension of the lease to Japan as required by clauses of the Twenty-One Demands to which China was forced to consent. The Chinese government claims that Japan has no right to hold the Liao-tung now, but Japan remains there, and China is unable to expel her. In Manchuria outside of that "leased territory" Japan has "interests"—railways, mines, and other concessions, obtained by putting pressure on China; that is, property. For foreigners to own property in a country is common. There is a great deal of foreign-owned property in the United States. Ordinarily foreign property does not carry with it any sovereign rights in a country; it has the same status as that owned by citizens.

By reason of treaties obtained one way and another from Chinese officials, first by Imperial Russia and later by Imperial Japan, the Japanese properties in Manchuria have a very special status. Japan exercises a right to "police" as well as to administer and manage them. The policing is done by "railway guards," and gendarmes, that really are Japanese troops. Those gendarmes police the Japanese residential concessions which are established at most important towns in southern Manchuria, like foreign settlements elsewhere in China. No other foreign nations have residential concessions in Manchuria. The railways' right-of-way, or "zone," on both sides of the tracks and including considerable areas about the stations, is an attenuated projection of Japan's sovereign authority from the seacoast and Korea into the heart of Manchuria. That projection has communications with Japan by rail and by radio and wire telegraphs. Its grip is evident.

The course of events in Manchuria has caused a broad interlocking of Japanese interests there with the régime



of Chang Tso-lin. None outside the confidence of some governments knows how many private agreements Chang has signed with the Japanese during his career. Manchuria gives a concrete example of the policy of backing a strong man in China. Chang has been rated a strong man, and the Japanese have "backed" him. The arrangement seems to have been mutually advantageous.

In November, 1925, one of Chang Tso-lin's principal generals, Kuo, suddenly turned against him and announced that it was his object to evict Chang from office and power. This was the situation: General Kuo was in command of two divisions of Chang's best troops, stationed then between Tientsin and Shanhaikwan. At Tientsin another of Chang's generals, Li Ching-lin, was in command of that area. It appears that the plot to overthrow Chang was hatched in Tientsin and that Li was privy to it. Some of Chang's entourage at Mukden also were implicated. Their part was to assassinate Chang when Kuo moved, or to imprison him and seize the government. That accomplished, it was expected that Chang's other generals would accept the situation and be satisfied with places promised them by the intriguers. It is believed that Kuo was promised military support by Feng Yu-hsiang. Having, as he thought, perfected those arrangements, Kuo acted, and attacked Chang's troops at Shanhaikwan; Chang gave way and retreated toward Mukden. That caused a panic in the Manchurian capital. For two days after Kuo's rebellion became known at Mukden, it seemed likely that the coup d'état would carry through.

But something happened. At the height of the panic in Chang's yamen, when some of his closest advisers were counseling him to resign and leave Mukden, and when it is said he was in a mind to do that, the Japanese consul general called on Chang and was closeted with him for some time. Soon after the Japanese consul general left the



yamen, some Japanese gendarmes appeared there to act as guards and to police the near-by streets. In Mukden those moves were given two interpretations: they were meant, first, to allay the panic in the yamen and to prevent the plotters from assassinating Chang Tso-lin, and, secondly, to reassure Chang and to prevent him from leaving the city. During the days that followed, Chang may not have been actually a prisoner of the Japanese, but they prevented him from fleeing.

The next day some contingents of Japanese troops from Dairen arrived at Mukden, and some of them, it is asserted by eyewitnesses, changed into Chinese uniforms and mingled with forces who remained loyal to Chang Tso-lin. The immediate effect of that series of actions was to restore the morale of Chang and of his loyal generals. If any of those generals were secretly disaffected, those moves of the Japanese caused them to hesitate and reconsider. Indecision spells failure to a coup d'état. Japanese prevented the plot from going through at the Mukden end. For the moment the situation there was stabilized.

In the other quarter, Chang Tso-lin's son made a hurried trip by way of Dairen to Tientsin, where he induced Li Ching-lin to desert his secret ally, Kuo, and remain loyal to Chang. Chinese believe that Li was induced to switch sides again by a cash payment of two million taels, which was financed by a Japanese bank at Tientsin.

That shift of General Li altered the whole situation, and from then on, Kuo's coup was doomed. His army was left without a base and short of ammunition. With an enemy instead of an ally in his rear, Kuo had to push through to Mukden quickly or collapse. Chinese say that funds from Japan were provided to buy back the loyalty of other generals who had joined Kuo. When Li deserted Kuo, that prevented Feng Yu-hsiang from giving Kuo support; for Li's army was directly across the only rail-



way line by which Feng could send reinforcements in time. Feng did move and advanced on Tientsin, but the plot had been wrecked, and by the time Feng took Tientsin, Kuo's army had disintegrated and Kuo had fled in disguise and was captured and executed.

It was interesting to observe in Peking then the attitude assumed by the Japanese legation, which professed to be pleased at developments and pretended to want Kuo to succeed. That attitude was maintained throughout the crisis, and it puzzled people who know enough of what is involved basically to see that Japan's policy would logically be to favor Chang Tso-lin. Tokyo's official position was absolute neutrality and noninterference. The foreign office, and Japanese embassies in several foreign capitals, made positive denials that Japan was concerned about the outcome of Kuo's attempted coup or was taking any action about it. At first it was denied that Japanese troops were sent to Mukden; then it was explained that some reinforcements were needed for the protection of foreigners and foreign property there in case of disorder. It is not important how many Japanese troops were sent. To have a decisive effect on the situation a display of force was enough; that revealed political purpose plainly.

Some incidental conditions are significant. The Japanese military commander at Mukden gave orders that Chinese troops should not be allowed within a certain zone, which by a coincidence included the principal arsenal of Chang Tso-lin. That meant that if Kuo did succeed in reaching Mukden, he could not obtain there a supply of munitions and would be defeated in the end. How that would discourage Kuo's troops and generals and open them to inducements to rejoin Chang Tso-lin is evident. The effect of Japanese moves during the crisis was to restore and uphold Chang's morale and to cause the collapse of Kuo.



It is immaterial whether Kuo or Chang ought to have won in that Chinese war. That some foreign governments were deeply interested was shown. Partiality was displayed by the British press in China, which, with brazen humbug, praised what they termed Japan's "neutrality." London press comments lauding Japan's actions were telegraphed to China.

Again, in 1927, when there was a likelihood that Chiang Kai-Shek's army would overrun Shantung province and expel Chang Chung-chang, an ally of Chang Tso-lin, thereby destroying the morale of the northern military clique and probably causing it to collapse, the Japanese government despatched troops there and played a rôle similar, in its effects, to that episode in Manchuria. Do those actions constitute "intervention," or interference in China's affairs? I leave the answer to the diplomats and international lawyers. What happened is fairly plain. Those episodes were meat for Soviet propaganda in China.

## VI

I PROTEST at use of the cliché "Chinese puzzle" to describe the condition of that country. Conditions in China are complicated, but the political, sociological, and economic questions which compose the situation are no more a puzzle than similar matters in other countries. Probably political motives, objectives, and outcomes there are no harder to calculate than those of a presidential campaign in America, and they are less bewildering than the problem of reorganizing Europe after the World War. The idea of a mysterious Orient which is impenetrable by occidental minds is a myth.

Chinese intelligentsia admit that they are baffled by the problem of their nation's reformation. To read foreign newspapers, and to hear some foreigners there talk, one might get an impression that they could solve it easily.



Yet foreigners in China, and experts on Asiatic affairs, differ radically about a possible solution. Many remedies are proposed by them. A suggestion which comes up periodically is that there should be a sweeping change of diplomatic and consular officers in China on the ground that, with few exceptions, they are "weak" and variable in dealing with questions that arise with the government at Peking and with provincial and local officials. The most obtuse foreigners can see now that the privileged status based on old treaties which, although they still are statutes, are actually obsolete, is disintegrating rapidly, and they want something done to stop that. Many foreigners blame the customs conference held in the winter of 1925-26, and the perfunctory work of the extraterritoriality commissioners a little later, for contributing to the decline of foreign prestige. It has been argued that those (so far) ineffectual efforts of the powers to carry out engagements made at Washington in 1922 have worsened the condition of China and the position of foreigners there.

Those arguments rest on one conception of political psychology, for, as it is well known that no definite action has been taken with regard to either tariff revision or extraterritoriality, and the treaties remain exactly as they have been for many years, any criticism of accomplishment is pointless. That criticism asserted, first, that it was a mistake and a sign of weakness ever to begin the customs conference; secondly, that the conference should have been broken off by the powers immediately after the Chinese delegation advanced their demand for tariff autonomy to begin in 1929; thirdly, that the foreign delegates should have quitted the conference at once when an interregnum in the government at Peking occurred; fourthly, that it showed weakness to talk of resuming the conference at a later time. Although the cases are by no



means parallel, the same, in effect, is said of the exterritoriality commission's actions.

The argument, briefly, is that the powers ought to sit tight, holding the status by a display of force, and refuse to do anything about revising the treaties until a "stable government" is organized in China. That is equivalent to saying that the American government should do nothing about its relations with Europe until governments of all the leading nations there have attained a pre-war stability, and pending that, all negotiations and efforts to improve conditions should be suspended. I disagree with that hypothesis. It was foreseen that the China customs conference probably would be fruitless then, and why. Yet it ought to have been held, not solely in the interest of China, but also in the interest of the foreign position there. Because of troubled internal conditions, it is doubtful if revenue increase will benefit China now. But it might impair the general foreign position seriously to have what was promised to China at Washington held up by refusal of the powers to act at all.

That customs conference convened at Peking in November, 1925, and remained in session until the overthrow of Tuan Chi-jui's régime in the spring of 1926. For a while after that event the foreign delegates stayed on at Peking waiting for the Chinese to reorganize; when the summer came, they met, agreed to adjourn during the hot weather, announced that they would return to Peking and resume the conference, unless otherwise instructed by their governments, when the Chinese were ready, and dispersed to near-by resorts. That action was scathingly denounced by some writers in the foreign press. "Weak," "puerile," "foolish," are terms used to describe the policy of the delegates in waiting patiently for the Chinese to resume negotiations. As it happened, up to this time there has not been a recognizable government set up at Peking, so the



customs conference was not resumed. The foregoing shows psychological reaction of many foreigners to what took place.

It is plain, however, that the position of foreigners in China hereafter will be influenced more by Chinese psychological reactions to those events than by what foreigners there thought. The serious question is whether that effort which the powers made to implement some parts of the Washington agreements has softened or hardened the anti-foreign feeling of the Chinese, and what effect it will have on the program of the nationalists. I think those moves of the powers in regard to the customs and extritoriality changed Chinese feeling toward foreigners for the better, and also had a beneficial effect on the political evolution of that nation. The attenuation of the customs conference and consequent discussion of its actions and motives had an educational effect on the Chinese. Many of them saw, as perhaps they never did see before, how the dissension of their politicians and militarists can obstruct even the good intentions of friendly foreign powers. The spectacle of foreign delegates remaining month after month, at their own expense, while waiting for a Chinese government to treat with, sank in; it became less plausible to accuse the powers of delaying treaty revision. (One must not overlook the possibility that had the customs conference gone on without that interruption, certain powers might have wrecked it for their own reasons.)

Not long after that conference had dispersed, apparently *sine die*, some reaction from it was disclosed in notes exchanged between the American legation at Peking and the "independent" Kuomintang régime at Canton. In a letter, which was published, Mr. J. V. A. MacMurray, the American minister, remarked:

"Your strong opposition to the resumption of the Conference on behalf of the Canton Régime as well as similar



protests from representatives of other regions of China, both before and since the organization of the Conference, is evidence of a disheartening lack of unanimity among the Chinese people with respect to the efforts of the Government of the United States jointly with other friendly powers concerned to carry out its purpose of bringing into effect certain readjustments of its treaty relations with China."

To which Eugen Chen, then acting foreign minister at Canton, retorted: "What seems to Mr. MacMurray to be a disheartening lack of unanimity in understanding and appreciating the policy of the United States is in truth a convincing proof that that policy is wrong at once in conception and in application. The policy is wrong because it is an expression of the American failure to realize that the Chinese situation is fundamentally a revolutionary situation and that therefore a revolutionary, i.e. a fundamental, solution is necessary as opposed to a solution involving a series of so-called 'evolutionary' readjustments. And the situation is revolutionary because the principle of change implicit in the Revolution of 1911-12 is not yet worked out in the life of the nation, particularly in its politico-economic aspect, owing to constant intervention direct and indirect by certain foreign powers."

Mr. Chen's argument amounted to denunciation of all kinds of foreign support toward stabilization of government in China, and particularly of foreign financial support of any régime or faction in China. Chen contended then that China must work out her problem independently of foreign advice and help. There was a period following the Manchu collapse when a promising procedure, and one helping to stabilize China, seemed to be to extend credits and diplomatic "face" to the Peking government. That policy has been steadily weakened by events of the last



decade. But to say that it is no longer good policy for foreigners to back any particular "government" in China need not be taken to mean that the responsible powers should do nothing.

## VII

AT TIMES I have felt that it would be better if all the foreign diplomats now serving in China were replaced by men who have no especial knowledge of and previous experience with conditions there. In that way some stereotyped ideas and inhibitions which block progress might be relegated.

Foreign diplomacy in China is not the power in shaping events that it was formerly. In view of diplomatic inability to find a way out of the impasse (or perhaps because some diplomacies devised the impasse and want to prolong it), the question arises whether it is useful any longer to continue the effort to deal with China by means of an international bloc. Is it better hereafter for the powers to try to act together or for them to take independent courses?

Merely to propose this question may shock the multitude of international sentimentalists who want to bring about world-wide coöperation and who believe that is the only way to prevent conflicts among nations. But the co-operation formula has weaknesses. It is plain enough that a dozen horses can move a heavily loaded wagon more easily than one or two can, but only if they all pull in the same direction. If some of the horses hold back, the efforts of those who really pull are partly or wholly nullified. In such a case it may make for progress if the real pullers cut loose from the non-pullers. Progress in readjusting China's relations with other powers by teamwork is hindered by diplomatic non-pullers and obstructors.

The technical treaty positions of small European nations in China are substantially like those of the principal



powers, and yet, while it is agreeable to have them contented with whatever is done, those nations count scarcely more in political evolution in Asia and the Pacific now than if they did not exist. Not a privilege which those nations have in China could be enforced by any of them, or by any feasible combination of them, against a contrary will of the Chinese, unless the small nations are supported by one or more of the actual Pacific Ocean powers.

The system of diplomatic intercourse with China grew out of that nation's original exclusiveness, and afterward it developed because of the old Empire's weakness—not political archaism, but military weakness. If China were now on the same plane of military strength as the principal powers, there would be no argument whether she ought to be permitted to change her revenue system and whether she shall be allowed to revise her treaties with foreign governments. In that case the Chinese would simply announce their intention to make changes, and the other powers (unless they went to war) would have to make terms by negotiation. But that is digressing a little.

For more than a quarter of a century (the process started soon after the China-Japan war had revealed China's military weakness), foreign diplomacies in China, and their home governments, usually have adopted a superior and at times a dictatorial attitude in treating with the Chinese government. Moreover (and here is the rub now), diplomatic precedents have been set whereby ministers of the little nations at Peking take equal rank in the Diplomatic Corps with those of the great powers. That conforms with the amenities. But at Peking it has developed such a condition that the minister of a small nation, or of a "power" which has no power in that part of the world, can block action on important international questions. There are instances in which a small nation of Europe has held up action on important questions to gain



something in regard to a minor private matter. There are instances in which a minor nation that is a satellite of a major power will serve obliquely an ulterior purpose of that major power. There are occasions when a major power does not want to take the rôle of objector to certain policies and when its object is served equally well by obstructions artfully presented by a small nation presumably not actuated by political animus, or when objections can be advanced more plausibly by another major power with which a secret understanding has been reached.

The Chinese are charged with diplomatic craftiness and evasion. Those traits are ascribed to their oriental characteristics. A long observation of the workings of diplomacy in China has convinced me that even if the Chinese had been without diplomatic guile when they first had contact with the West, they must have become proficient in it from their relations with western governments, or their nation would have been disrupted and annexed by European powers.

Until lately I thought coöperation the better international procedure in China. Now I have doubts. For a number of years coöperation appeared to be the more effective method to counteract the system of imperialistic penetration of that country, and to break up the ring of regional agreements. It seemed the easiest way to stop promotion of foreign political designs there by loans for unproductive purposes. Coöperation means a kind of partnership, and one partner can be inhibited or blocked by any of the other partners. When the American government turned to coöperation to check European and Japanese imperialism in China, and to prevent one kind of financial operations there, some nations in Europe possessed capital for foreign investment, and Americans were only beginning to consider the foreign field. That situation is almost reversed now. Europe is short of export capital



and in debt to America, while Americans show willingness to put their surplus funds into foreign securities and foreign enterprises. That, however, is only one and probably not the more important aspect of the matter.

The graver question confronting the American government now is whether its partners in the international bloc vis-à-vis China are helping forward or are holding back the major objectives of American policy there. If the latter is the case, then the United States must either permit its policy to be held back indefinitely or devise another way to make it move along.

### VIII

IN THE OPINION of many qualified observers nothing worthy of being called government has existed at Peking for some time. Yet chancelleries, apparently, are able to discern something in the old capital sufficiently tangible, if not to "recognize" fully, at least to write notes to and to confer with occasionally. That again illustrates the divergence of diplomatic and business practice. Foreign business people in China quit trying to deal with the Peking government even before the fall of Tuan's régime in 1926. As a foreign banker put it: "One cannot do business with a vacuum."

It seems that diplomats can conduct affairs in a vacuum, and at times they prefer to work in a vacuum rather than to face action and reaction by meeting realities. A great deal done in China nowadays that affects domestic and foreign affairs of that country, and the position of foreigners there, derives, on the part of the Chinese, from the Kuomintang régime and other regional governments. Yet chancelleries pretend to ignore those regional governments, or, when necessary, address them through the Wai Chiao-pu. Some of the Chinese regional dictators will correspond with the Wai Chiao-pu when it



suits them. But the National government, controlling since 1927 more than half of the country, is not on speaking terms with Peking. When the Kuomintang, or National, government disregards the treaties and, without waiting for tariff revision to get the sanction of the powers and without informing the Wai Chiao-pu, declares new rates and regulations for the maritime customs in the region it controls, the Diplomatic Corps are embarrassed. Officially they cannot deal directly with Wuhan or Nanking about this important matter, which at one stroke breaks through the middle of the foreign treaty position. When that arbitrary revision of treaties commenced, the diplomats at Peking were nonplused. They could not agree on united action because their home governments did not agree. The home governments were not ready to meet the issue because as things develop in China they are of different minds as to how their various interests and positions will be affected by declarations they make about the customs and other questions. Foreign merchants in China, who cannot wait like the diplomats and governments, pay the "illegal" imposts when they must and evade them when they can.

By 1926 it was evident that governments are doubtful about the expediencies of the situation, whether it is better to hold to a theoretically intact China, or to act on a hypothesis that China is composed now of quasi-independent provinces, or states, and to treat with those states in regard to Sino-foreign contacts. The British moved first. After waiting vainly for more than a year while Downing Street tried to straighten the matter out at Peking, the government of Hongkong colony commenced direct negotiations with the Canton régime (while the Imperial British government obligingly looked another way), to adjust the Canton-Hongkong questions. Those negotiations went along for months without apparent result; then out of



them suddenly evolved Canton's action in raising the import customs duties there.

What had prevented an agreement between the colony and Canton to settle the "strike" against British business and shipping in south China, and the boycott of Hongkong, was the Chinese labor and communist elements, who would not lift the embargo unless "strike compensation" were paid. That is, the colony should pay wages that Chinese strikers lost by quitting work before they would resume friendly relations. The amount asked was large, and the colony, remembering what happened a few years before, would not pay it. The Canton civil government seemed willing to end the strike and boycott, but it was intimidated by the laborers, and it could find no way to raise funds itself for strike compensation. In that dilemma the Canton régime hit on a plan to impose new maritime customs duties to raise the money needed. That was a clever move. As Chinese consumers of foreign goods will pay the customs taxes in the end, the device found a way to satisfy the strikers without expense to Hongkong colony and without the colony's obviously compounding a blackmail. On the Canton side, Kuomintang courted national popularity by claiming a victory of patriotism by breaching the wall of "unequal" treaties. Hongkong (except a few dissenters) was for letting that treaty go. Hongkong lives by commerce, and for more than a year, then, had had the experience of economic strangulation while at Peking the British Imperial government's legation tried at the same time to find relief for the colony and to hold all the treaties. In that way Hongkong demonstrated a principle always connected with treaty revision in China, and particularly with tariff revision, that trade is the chief foreign interest there and can be hurt more, probably, by failing to revise treaties than by conceding some things which Chinese nationalists want.



That episode of Canton-Hongkong relations indicates the disgust of foreign business elements in China with diplomacy as exhibited by the Legation Quarter and with its ineffectiveness to carry on. They speak of the Diplomatic Corps as the graveyard of political questions. There is, of course, some humbug in that posture, for diplomatic pigeonholes are sometimes convenient places to bury troublesome questions about which it is difficult to do nothing, and which foreigners want nothing done about.

Late in 1926 the British government showed that it wanted to face realities in China with a realistic statecraft and diplomacy. It sent out a new minister, Mr. (now Sir) Miles Lampson, to begin a new policy. Mr. Lampson at once disturbed the diplomatist standpatters by visiting and conferring with the National government at Wuhan before going to Peking. Shortly thereafter the British government presented a memorandum to the powers, and to the Chinese, stating London's view of the situation of China. The memorandum reviewed conditions, its gist being that real authority, as government, had ceased to exist at Peking, and that there had developed in middle and southern China an independent régime having more authority and prestige than Peking. From those premises the British memorandum concluded, in effect, that the better international procedure pending completion of the revolution is to treat directly with Chinese regional administrations about matters within their practical jurisdiction. That is tantamount to recognizing that China is divided. An outstanding point of that policy is that it casts overboard the diplomatic theory of treating that country as one indivisible entity.

On that point some powers hesitated to fall in at once with the British proposals, and some observers saw in that idea a revival in new form of the old scheme to partition China. On its face that British memorandum has



that complexion, but while in its previous form partition contemplated division of that territory among several major powers, the new method, so the British contended, has not that purpose and will not have that result, being merely tacit recognition of divisions which for the time Chinese themselves have brought about. The British government asserts that its proposal has no ulterior motive, that it does not aim at or want to encourage a division of China into separate states, but there is no other way now to carry on relations of foreigners with the Chinese people.

That volte-face has inconsistencies. The British memorandum asks China (which part of divided China is not plain) to "maintain that respect for sanctity of the treaties which is the primary obligation common to all civilized states," yet goes on to propose matters which completely depart from existing treaties of the powers with China. The memorandum recognizes "both the essential justice of the Chinese claim for treaty revision and the difficulty under present conditions of negotiating new treaties," and says that the powers "should therefore modify their traditional attitude of rigid insistence on strict letter of treaty rights." That casts on the scrap-heap the conventional argument that there can be no treaty revision until China has a stable government.

It was palpable that Great Britain had reasons for that action that do not apply with the same force, or at all, with other powers; indeed, when the British memorandum was published, the diplomats of other powers in China said almost openly (but not officially) that in making the proposal, Great Britain was trying to get the other powers to pull British chestnuts out of the fire. British interests in China have suffered from strikes and boycotts and embargoes lodged against them particularly because Great Britain has greater advantages under the old



treaties than any other power. Other nations, and their commercial or political interests, can afford to sit back and watch the British squirm. Some nations may even profit by their troubles. That is a narrow outlook, and one has little sympathy with it; but there are broader reasons for hesitation about following that British lead. To stand by neutrally and watch the Chinese in their struggle toward genuine democratic revolution fight among themselves, and in that process divide sectionally, is a different matter from giving those casual splits the sanction of formal foreign recognition. One comprehends the hesitation of the American government at that point. Other governments saw no sound reason why they need commit themselves. But British policy in China is driven relentlessly by forces which must be met with compromise or with arms. London decided to try compromise. That British memorandum had an altruistic tone, but altruism was not its incentive; indeed the *London Times* justly remarked that it had the appearance of conceding to pressure what might with better grace have been done before pressure was felt. British living in China regarded the new policy as abject surrender and predicted its failure—predictions which soon had considerable fulfillment.

The British government lost no time in acting on the new policy, but its amicable gesture was too late to tranquillize the situation. Hardly had Sir Miles Lampson finished his visit at Wuhan and gone on to Peking when events occurred at Hankow that resulted in Chinese taking control of the British residential concession there, which was followed at once by a similar occurrence at Kiukiang. Those untoward events did not stop the British government from going on with its conciliatory plans. Negotiations were undertaken with the Wuhan régime that resulted in agreements amounting to relinquishment



of those concessions to Chinese authority, with a limited British participation.

Analysis thenceforth entered the field of speculation and opinion and dispute concerning factors about which no certain conclusion can ever be reached. Soon after the quasi-violence whereby the Chinese obtained control of British concessions at Hankow and Kiukiang, the British government ordered the despatch of a division of troops to China. Chinese nationalists construed that as a threat, and for a while it seemed as if negotiations at Hankow would be broken off. Chinese political intelligentsia could not believe that in sending troops the British government was not reverting to "pistol diplomacy," and that that important action was not connected with a deep design affecting the fate of China. Some effects of that military action on Chinese mass psychosis could be foretold at once. The day it was known in Shanghai that the troops were ordered there, I telegraphed to *The New York Times* that the action would cause deep resentment among Chinese, and if the powers intended or contemplated forcible action to sustain the treaty status quo, they should first allow time to evacuate foreigners from the interior and to concentrate them at points where it is possible to protect them. I felt then that if the British government was sincere in its announced purpose of using the troops solely for defense of Shanghai, in order to prevent a repetition there of what happened at Hankow and Kiukiang, the movement and its implications would excite the Chinese, would make them susceptible to radical anti-foreign propaganda, and would imperil missionaries and other foreigners scattered over the country.

That foreboding was soon realized. There was a revival of anti-foreignism which drove foreigners out of the interior, caused them to be concentrated at a few places, and resulted in a number of tragic incidents. There may



be other tragedies before conditions become readjusted. But there never will be agreement as to cause and effect of those events. Many foreigners in China point to what happened at Nanking and elsewhere and say: "That or worse would have happened at Shanghai if the troops and additional naval forces had not been sent." Other foreigners, including refugees from exposed places, said: "Was it necessary to bring troops to protect Shanghai? Would not the forces usually available have been sufficient, as they were on similar previous occasions? Except for that demonstration of force at Shanghai, we might have remained unmolested at our stations." Beyond doubt there is a relation between sending foreign armed forces to China and episodes like the tragedy at Nanking. A situation existed then in which almost anything might touch off an anti-foreign explosion.

By despatching a division of troops to China, the British government drew other powers, including the United States, into the imbroglio. Events which culminated in that outburst of anti-foreignism brought all foreigners within its scope, putting Americans in peril; and that required the American government to send a division of marines to China for their protection. Action by one major power in China can pull the other powers along.

Diplomatic cynics have thought that friendly gestures of British policy in China were made not with intent to put the proposed reforms into effect, but merely to relieve pressure on British interests there. Many Chinese political leaders thought that from the first, and when the movement of troops commenced, their attitude of polite scepticism changed to embittered suspicion. For a while negotiations about the Hankow and Kiukiang concessions were interrupted, the Chinese refusing to go on; but eventually the agreements were signed. Those agreements were promptly carried out by the British govern-



ment, but, on the part of the Chinese, they were not made effective. To do that was, in the circumstances, impossible. The agreements gave assurance that lives and property and commerce of the British in those localities would be protected. The Wuhan régime, then under domination of the communists, showed not much willingness to meet its obligations, and could not have met them completely if they had had the will. The collapse of order in the Yiangsi valley during that period affected all foreigners. That experience prevented, for the time, the British government from proceeding to return its residential concession at Tientsin. British in China took thereafter a distinctly anti-nationalist attitude and occasionally were unneutral. Action of British naval forces at Nanking in the spring of 1927, when, because the Shanghai-Nanking Railway is mortgaged to British investors, they prevented Chiang Kai-Shek from transferring rolling-stock across the river to use in his northward campaign and thereby held up the southern army's advance at a critical moment, is a case in point. Another instance is when British troops at Shanghai, in August, 1927, at the time of Sun Chuan-fang's attempt to retake that port, cut the Shanghai-Hangchow Railway when it might have had an adverse effect on the position of the nationalists.

## IX

AT TIMES American policy as demonstrated in China seems confused about the relation of immediate occasions to its ultimate purposes, and in those moments of confusion it comes under suspicion of being not entirely "disinterested" about Chinese wars and politics.

With the exception of those previously mentioned Japanese and British acts, an action of the American minister at Peking in 1926 had a more direct effect on the military and, consequently, the political situation in China than



anything done by foreigners in several years. One is puzzled whether that effect was intentional or vicarious. I think it was vicarious, although the Chinese had then a modicum of suspicion of an ulterior motive. China has so long been the playground of international intrigue that Chinese politicians are imbued with the belief that no move is ever made by a foreign power without a definite and usually an oblique purpose. No diplomatic action concerning China is taken at face value there.

That action of the American minister on its face had nothing to do with China's civil wars. It was a note calling the attention of the Peking government to the fact that it owes Americans a good deal of money; therefore the American government entered strong objection to a proposal of the Chinese minister of finance to secure a new domestic loan by allocating to its service part of the salt and maritime customs surpluses. The American note gave the opinion that before the Chinese government incurred additional financial obligations based on revenues hypothecated for the service of foreign debts, it ought to use any surplus to pay debts long due. Right enough, in a sense. The American note was followed by similar representations of other legations at Peking.

The reason the Chinese minister of finance was trying then to obtain sanction of the foreign revenue administrations to a new domestic loan was because at the moment Marshals Wu Pei-fu and Chang Tso-lin were allies in a civil war, directed, so their propaganda claimed, against "red" influence in China, which was declared by them to be centered in the person of Feng Yu-hsiang. It was known that a kind of alliance, as a counterbalance to the Wu and Chang combine, existed between Feng and Kuomintang. The march of Chiang Kai-Shek toward Hankow suddenly took on a formidable aspect, and Wu Pei-fu had to abandon his campaign in the northwest and hurry back to



central China. On an already exhausted war chest fell the additional expense of holding off the southern expedition. That depended, probably, less on military action than on the loyalty of Wu Pei-fu's generals in the Yiangsi valley. Their loyalty in turn depended on a number of things: arms, ammunition, funds to pay troops and to purchase supplies, all expressible in terms of money. Kuomintang apparently had some money, and the customary Chinese military strategy was brought into play. Some of Wu Pei-fu's generals were offered bribes to change sides. While those negotiations were going on, Marshal Wu hurried back and tried to hold his generals in line. Since they were interested only in money and place, Wu had to promise them anyhow as much as Kuomintang agents did. Perhaps parleys among the generals were not put so baldly as I state the matter. Wu's generals probably said they could not go on unless they could pay arrears to their troops, and so forth—the old story. They suspected that Wu Pei-fu was “broke” and doubted if he could raise money.

At that critical time the American minister's protest effectually killed Wu's chance to obtain funds quickly. The new domestic loan collapsed. Almost immediately thereafter one of Wu's important generals holding the Hanyang arsenal went over to the southerners. That demoralized Wu's army. Wuhan fell to the southerners quickly, and Wu Pei-fu's army disintegrated. Marshal Wu was thenceforth very bitter about what he called “American interference.”

## X

NUMEROUS ATTEMPTS to set aside American policy toward China have been made by diplomats and governments of other powers, but since my observation of that country commenced, American diplomats have not aided



those efforts until lately. During the critical period of winter and spring, 1927, some diplomatic agents of our government in China apparently wanted to subvert, and did divert, the American policy. They obstructed the line of action which the Department of State desired to follow. American business organizations in China also took that position. Furthermore (what is more consequential), the Chinese know of that attitude and those efforts.

It is assumed that diplomats are sent abroad to further dual purposes: to promote good feeling between their own nation and the people of the nation where they are accredited, and to promote specific policies of their government. Those purposes do not always coincide. A policy which a diplomat is instructed to promote may be, and often is, ulterior, invidious, even hostile to the country where he functions. Policy always, with governments, is the major consideration of their diplomacy, although good will is emphasized more. International good will, in a conventional diplomatic sense, is merely a medium through which policies may be advanced. Diplomats sent to a country to promote or to camouflage hostile policies are found out eventually. When their machinations are discovered, their "usefulness" in that particular country is thought to be ended, at least for the time being. I use the term "usefulness" as meaning usefulness to a diplomat's own government. It will hardly be assumed that any government maintains an organization to assist other governments.

If usefulness of diplomats in any foreign country is impaired there after an invidious or hostile motive on their part is disclosed, what can be said concerning diplomats who have been sent to further a sincerely friendly policy toward a country and who, by their acts and demeanor and conscious effort, operate to inhibit and defeat their own government's policy?

Operation of American policy over a long period had



created among Chinese a good will for America that is almost unique. In recent years American diplomats sent to China were not confronted with a task of creating good will there toward our nation. They needed only to hold what already existed. On the issue of policy they were similarly favored. They had only to keep in line with motives and objectives of the established Chinese policy of our government. It has no ulterior, invidious, or hostile designs. It is cogently expressed by the phrase of John Hay: "to preserve the territorial integrity and political autonomy of the Chinese Empire." Since the monarchy was overthrown, it has been thought necessary at times to support that basic principle by efforts to prevent outside interference with the revolution. Obviously, interference by the United States singly or in co-operation with other powers stultifies the American doctrine.

One understands that policies are mutable. The Hay Doctrine is not sacrosanct. It may become expedient or advantageous or compulsory to modify or abandon it. But a long succession of American ministers and other officials in China apparently believed in the doctrine and have defended it continuously against open and surreptitious attacks. If, because of new developments and changed conditions, the policy of the United States toward China ought to be altered, no doubt it is the duty of American officials in China to put that aspect of the situation, and their own opinions, before their government. Such representations usually are private. Its becoming known that a diplomat holds opinions considered inimical to the country where he is stationed, and that he has urged his government accordingly, makes his position there difficult and usually untenable.

American policy toward China, or rather in China, has a difficulty to contend with in that its thesis and major



tenet are contradictory of the treaty status that is now the core of most foreign relations with China. Americans in China share that status, and the American government at times participates in efforts to enforce treaty stipulations which its broad policy condemns. In the time, extending more than a half century, when Chinese felt no especial resentment of this treaty status, that anomalous position of the American government could be held without great embarrassment. Even after the new Chinese nationalism evoked the demand for treaty revision, the American policy could with some plausibility take the position that, while the old treaties lasted, it claimed equal privileges for Americans in China, although deprecating the status as infringing China's political autonomy and sovereignty. The presumption was, and Chinese credited it until lately, that the American government would not move actively to sustain a status quo which it had declared to be unjust to China and obnoxious to the United States. Some outstanding facts are pertinent. One is that Chinese political intelligentsia, regardless of their domestic grouping, are determined to change the treaties. In that they are supported by powerful feeling among the masses. Within the past two years Chinese leaders became impatient of the dilatory method of revision by negotiation with a dozen or more foreign governments, each with its own motives and interests, and they commenced a unilateral process of abolishing the treaties piecemeal. That forced the issue.

In those circumstances the American legation at Peking seemed to forget or to lose sight of the fundamentals of American policy, and turned to its comparative antithesis, the treaty stipulations, for guidance. The legation tried to go along with the Diplomatic Corps. Other legations, however, were following policies that coincided with the letter and spirit of the treaties. At the outset of



treaty disintegration it was evident that a degree of unity and coöperation among the legations was essential to effective resistance. (Russia had previously given up, and Germany and Austria had lost, the old treaty status.) "International coöperation," a slogan which camouflages so many private designs and objectives of governments, was the watchword. In its effort to coöperate with its colleagues of the Diplomatic Corps the American legation at times joined in protests about minor treaty infractions, most of which had no effect except to irritate the Chinese. Perhaps the legation did not comprehend how its amenability to international coöperation as interpreted by the Diplomatic Corps at Peking was putting the legation at cross-purposes with the policy of the American government.

The so-called "Boxer" protocol signed in 1901 between a number of the powers and the Chinese Imperial government causes more irritations, probably, than any other China treaty in existence. In compelling the Chinese to sign that protocol the powers had both punitive and precautionary purposes; for punishment they exacted a large money indemnity, and for precaution they devised measures calculated to prevent a recurrence of the siege of the legations that happened in 1900. In 1900 the Legation Quarter was beleaguered for weeks and was without the usual means of communication. The protocol provided that the railway between Peking and Shanhaikwan and the Pei-ho River from Tientsin to the sea, shall at all times be open for foreign navigation; and that telegraph communication between Peking and the rest of the world shall not be interrupted. To insure observance of those stipulations, certain of the powers were to keep legation guards at Peking and troops stationed at points along the railway.

The punitive provisions of the protocol are almost



liquidated. The indemnities were paid in part, remitted in part, and in part wiped out by the World War. But the precautionary stipulations still exist, although China has tried to have them terminated. While the country was comparatively peaceful, the only reminder of those provisions of the protocol was the presence of foreign troops. In later years, when civil wars have pivoted about the capital and Tientsin, the railway has had military importance to the contending Chinese armies and has been used by them.

The protocol of 1901 should be construed in view of its original purposes and the reasons underlying its provisions. Its framers could scarcely have contemplated that, at times when the legations are in no danger except that incidental to being situated in a country disturbed by revolution, and when their own radio installations are able to communicate with their governments regardless of interruptions of wire telegraphs and mails, the Chinese governments would be denied free use of railways and waterways in China. That interpretation of the protocol makes the railway from Peking to Shanhaikwan and the Pei-ho primarily serve the convenience of a few hundred foreigners.

Several times in recent years the question of sustaining railway communication for foreigners between Peking and the sea has arisen. I was in Peking on two of those occasions. In neither instance was there any idea that the legations were in peril or that the foreign population was liable to suffer by deprivation; to keep trains running between the capital and Tientsin was merely a convenience. Since the opposing Chinese armies were facing each other between those cities, in positions generally at right angles to and across the railway, and both sides depended on the railway as their main line of base communication, its use was necessary to them; in fact, much of the fight-



ing was for possession of the railway and its rolling-stock. On those occasions the custom was to run a daily "diplomatic train" between Peking and Tientsin, or in winter between Peking and Shanhaikwan, in charge of a foreign military guard, and flying flags of the protocol powers to indicate its character. That train carried mails, passengers, foreign military observers, press correspondents and photographers, spies and informers of both opposing armies, political agents, tourists, and a modicum of supplies for use of foreigners in Peking. In no other country under those conditions would a train carrying such a personnel be permitted to shunt back and forth across the battle-front of opposing armies, penetrating well into the rear of both of them. Had it been necessary, commanders of the Chinese armies would have granted safe conduct out of Peking for the legations and any foreigners who were compelled to leave. But the legations construed those provisions of the protocol to mean that the railway must be kept running for their comfort and convenience. Finally, late in 1925, the Chinese militarists disregarded any such construction of the stipulations, and the "diplomatic train," after a number of attempts to function, was discontinued. On that occasion the American minister took the common-sense position that it was unnecessary and provocative to try to force the train through by using foreign troops. For that attitude Mr. MacMurray was severely criticized by those foreigners who regard every jot and tittle of the old treaties as inviolable and who consider that the least infraction of them will bring on a cataclysm. The "weak-kneed" policy of the American government was roundly berated. By some, Mr. MacMurray was blamed for misadvising his government, and by others Washington was blamed for holding him back. The consensus in Peking then was that the United States had kicked another prop from under the treaty status.



It may have been those criticisms, or it may have been a change of mind in the American legation, that caused the legation, when much the same question arose a few months afterward, to take an opposite attitude and somehow to induce Washington also to switch. That occasion is termed the "Taku incident."

Taku is a village where the Pei-ho enters the Gulf of Chihli; China formerly had forts at the mouth of the river, but was required to demolish them after 1900. Early in 1926 the military faction headed by Chang Tso-lin made another effort to expel the armies commanded by Feng Yu-hsiang from Tientsin and Peking. In the course of that effort naval and land forces coöperating with Chang Tso-lin tried to reach Tientsin by the river, and an opposing general sought, by placing some field artillery at Taku and by laying some mines, to repulse the attack. That move endangered navigation of the river and in effect almost closed the port of Tientsin for the time being. Under terms of the protocol, the Pei-ho shall be kept open for passage of foreign ships. Therefore the legations protested at those measures. Shots that were exchanged between Chinese naval vessels and the Chinese shore batteries endangered some foreign ships, which were trying to enter or leave the river. One Japanese ship was struck by a shell. The commander of the shore battery explained that he had fired at an enemy naval vessel that was trying to creep in behind the Japanese ship. It is pertinent that the Japanese were suspected of helping Chang Tso-lin. A number of similar incidents occurred. The foreign argument was that the protocol must be respected in all circumstances. Chinese opposed to Chang Tso-lin contended that they could not permit enemy naval vessels and transports carrying enemy troops and munitions to pass up the river unmolested.

Some aspects of that situation are Gilbertian. The Pe-



king government, then dominated by Feng Yu-hsiang, was the "recognized" government of China to which the foreign diplomats were accredited. Yet the diplomats insisted that armed forces hostile to the existing Peking government should not be opposed by measures which contravened questionable constructions of the old and mainly obsolete protocol. Consuls at Tientsin made the usual protests, and Chinese officers on the ground made promises of compliance, which, from the nature of the case, they were unable to fulfil. The Legation Quarter felt that a strong position must be taken in support of the letter of the protocol; there was the usual argument about sending a joint note. Again it was doubtful whether the American government would sign a joint note sustaining the protocol. Evidently urged to do so by the legation, it did join the protocol powers in an ultimatum dated March 16, 1926, which required the Chinese military officers to remove mines and all obstructions and to cease all acts that interfered with safe navigation of the Pei-ho. What would have happened is problematical, but about then the attacking Chinese forces concluded that they could not force entrance to the river and moved off to land at another place.

The significance of that and previous incidents is the vacillation of our legation, and of the American government, between treaty enforcement and broad policy. It is no wonder that the Chinese are puzzled regarding motives of the American government and that those consecutive incidents, coupled with others of a similar character elsewhere in China, aroused suspicion of what, in a pinch, the stand of the American government will be on the issue of maintenance of the treaty status, as a whole or in part, by military action of the powers.

Although the feeble Chinese government at Peking had yielded, or rather had evaded the direct issue raised



by the Taku incident, treaty disintegration went on apace. Hardly a month passed without a breach somewhere. The Peking government was bombarded with diplomatic notes with no appreciable effect. Many of the episodes were actually beyond the effective authority or influence of Peking. It became more and more evident that, if further disintegration, indeed if total annulment, of the treaties were to be prevented, force must be substituted for argument and protest.

Use of force to hold the status quo meant foreign military action on a large scale. It was evident also that effective diplomatic pressure or military action would be hard to bring about if the United States refused to participate or if it opposed such action of other powers. For many years the avowed policy of the American government toward China had aimed to destroy Europe's hegemony there, which is entrenched in the treaty status and is protected by the coöperative or concert method of dealing with issues arising from interpretation and infractions of the treaties. Could the American government be turned around? In its remoteness and detachment from the turmoil in China, Washington might keep in view its ultimate objectives and refuse to be pulled away by expedients having different motivations. The American legation at Peking was subjected to the full force of the prevailing anti-Chinese sentiment of foreigners in China and the influence of its diplomatic colleagues. That influence was brought to bear on our legation, which, in the period under review, was not of a caliber to resist it.

With progress northward of the nationalists, and the examples, given at Hankow and other places, of their resolution to revise or nullify the treaties without delay, the National government and its protagonist, Kuomintang, became bogies to the Legation Quarter at Peking. Compared with Kuomintang, the northern war-lords who



dominated at Peking seemed conservative to the foreign diplomats. Moreover, those war-lords still gave perfunctory attention to the Legation Quarter, while the Legation Quarter had no contact and hardly a vicarious influence with Kuomintang. The southern nationalists declared that they would remove the capital from Peking, which would mean an end of the Legation Quarter and its unique status. Partly for this reason, the Quarter became strongly anti-southern, or, since Kuomintang adopted the title "National" for its administrative régime, the Quarter became anti-nationalist. Implications conveyed to Chinese by that attitude would have cautioned diplomats whose political judgment had not been prejudiced by environment. All intelligent Chinese are nationalists in the general meaning of this term. Reactions of the Legation Quarter to the Nanking incident (in which a few foreigners were killed and consular buildings were damaged) naturally had a strong anti-Kuomintang bias. Little effort was made to conceal that feeling. Senior diplomats observed outward decorum, with some exceptions; but junior diplomats and attachés voiced their sentiments and opinions freely in public and semi-public places where they were heard by Chinese. Members of the American legation spoke of the Hankow and Nanking régimes as controlled by murderers and thieves and used opprobrious epithets in referring to Kuomintang.

My comments should not be taken as condoning or wanting to condone the conduct of ruffians at Nanking or other outrageous acts that have marked the course of Chinese nationalism in late years. The point under discussion is whether a minor episode like that at Nanking gives a sufficient reason or provides a suitable occasion for changing the policy of the American government in China. In years gone by a good many missionaries have been slain in China; a good deal of mission property has



been destroyed. Any such incident can be made the occasion of political action by one or more foreign powers. When some German missionaries in Shantung were killed in 1898, the German government despatched a naval squadron to Kiaochao Bay and then exacted a leasehold of Kiaochao to Germany. Germany's action then was premeditated; the murder of German subjects provided an opportunity to obtain desired concessions from China. If the United States had a policy or designs concerning China and the world that could be fostered by punitive action in such a case, then one could comprehend what political ends the Nanking incident might have served. But for the American government to engage in punitive action contrary to its policy and without preparation or design would be unintelligent. In 1927 American embassies, legations, and consulates were menaced in various parts of the world in an effort to influence the course of legal procedure in the United States. Because of that, the government at Washington has not changed its broad policy regarding those countries. The Chinese have greater provocation to attack foreigners than citizens of most countries have.

The Nanking incident, coming with cumulative effect after a series of previous affronts and injuries to foreigners, was seized upon by those foreign elements in China that want intervention as an occasion to bring it on. British troops had been despatched to China before the Nanking incident happened, and all foreign naval and military contingents in the country were reinforced, with the stated intention, in the event of a general anti-foreign uprising, of giving protection to foreign residents at principal treaty ports. The "drive" to bring on intervention is reducible to simple elements. Decision rested with the home governments, which meant, in fact, governments of the actual Pacific Ocean powers, the United States,



Japan, and Great Britain. To influence those governments it was required to create in America, Japan, and Great Britain a public opinion favorable to intervention and to have the Diplomatic Corps at Peking encourage and promote that outcome. For effect on opinion outside of China an extraordinary propaganda exaggerating the perilous situation of foreigners there, misrepresenting the attitude and purposes of Chinese nationalists, emphasizing horrifying details, exploiting imaginary plots for the massacre of foreigners, working up artificial panics among foreigners in China, describing feverish work on defensive measures, was broadcasted. There was enough of reality in events and conditions to make the propaganda impressive. But the broad political purposes underlying it, and its bias and exaggeration, were palpable. I believe that some defensive and precautionary measures of the foreign authorities at Shanghai, Peking, and other places, during that crisis, were taken for effect in the home countries, to build up a psychology favorable to complete armed intervention.

Of foreign officials in China, none seemed to surrender more completely to the panic psychology than the American legation and some of our consuls did. With many of them, probably, that was partly a revulsion. Although Americans suffered inconvenience and injury in the course of the "recovery of national rights" movement, they had regarded those experiences as vicarious. The wanton killing of an American missionary educator at Nanking, gross indignities to American women, and violation of the American consulate there, without any provocation by Americans, were a tremendous shock. The legation ordered a general evacuation of Americans from the interior and a concentration at places where protection is possible. The panic extended to Peking and especially to the American legation, which advised its nationals in the city to



leave, causing a hurried exodus that took with it women and children of the legation personnel. There was serious talk of removing the legation to a safer place. Foreign troops were hurried to Tientsin and Peking. The basis of that panic was a presumption that Kuomintang would soon occupy Peking and that its appearance there would bring a repetition of the Nanking incident or worse.

In such an atmosphere, the Diplomatic Corps conducted negotiations to adjust the Nanking incident. After much discussion among themselves and a vast amount of private telegraphing between the legations and their governments, and between foreign offices of the powers, an identic note was formulated which was communicated to the nationalists on behalf of the British, Japanese, French, Italian, and American legations, on April 11, 1927. That note demanded apology for violations of foreign consulates and reparations therefor, indemnities for foreigners who lost their lives and for personal and property injuries and damages, and punishment of Chinese who were responsible for the outrages and those who committed them. The meat of the note was this paragraph: "Unless the nationalist authorities demonstrate to the satisfaction of the interested governments their intention to comply promptly with these terms, the said governments will find themselves compelled to take such measures as they consider appropriate."

When the note of the powers concerning the Nanking incident was in process of formulation, a strong effort was made within the Diplomatic Corps, and outside of it, to give the note the character of an ultimatum and to indicate sanctions. (In a diplomatic sense the word "sanctions" means penalties.) It was understood that the British, French, and Italian legations wanted sanctions annexed to the note, while the Japanese and American ministers were dubious. The American minister appar-



ently was brought around by dint of argument and persuasion. For several days the note was suspended while that point was argued. All the legations were in almost hourly communication with their governments.

Whatever obscurity may have existed at Washington about the meaning and logical eventuation of a note with sanctions as compared with a note without sanctions, the matter was understood in China. Many diplomats at Peking and other foreigners in China, and many Chinese also, thought that the powers would work the old diplomatic device of making demands impossible of literal fulfilment and then, when they were not satisfied, promptly put the sanctions into effect. At that time and subsequently, when the sending of a second and stronger note was being discussed, the foreign press in China gave details of what the contemplated sanctions were, or ought to be. It was proposed to occupy Hankow, Nanking, and all important ports along the Yiangsi River with foreign troops; to put the principal railways and revenues there under foreign control; to limit navigation of the Yiangsi and some other interior waterways to ships under foreign command and foreign naval escort; to put the entire port of Shanghai under foreign authority; and to hold that position until Chinese could give reasonable guaranty of their intention and ability to protect foreign rights and interests in China. The plan was to draw a line of foreign military forces across China, dividing the northern and southern political sections, and to take over and administer the more important governmental functions of the country. That plan would have used foreign troops to prevent further progress of Kuomintang northward.

If the American government were committed to an ultimatum with sanctions, then it would be very embarrassing for it not to join in the succeeding steps to enforce the sanctions. Plenty of circumstantial evidence exists indicat-



ing that the American minister favored an ultimatum with sanctions and tried to induce his government to participate in such action. While the question of sanctions or no sanctions was pending and there was anxiety everywhere in China about the matter, the United Press sent the following despatch for distribution in China and the Far East:

WASHINGTON, April 4.—The United States government to-day sent instructions to American Minister J. V. A. MacMurray at Peking regarding joint American, British, and Japanese demands which are to be conveyed to the nationalist authorities. It is understood here that the instructions permit Mr. MacMurray to join in joint demands for indemnity in connection with the Nanking and other recent outrages. The instructions are likewise understood to provide for a request for guaranties from the nationalists in connection with future protection of lives and property of foreigners in China. The instructions do not authorize the United States minister to participate in any form of joint ultimatum, it is declared.

Among the newspapers in Peking that received that despatch was the *Peking Leader*, published under American editorship. Realizing the significance of that news, the acting editor of the *Leader* telephoned to the American legation and read the despatch to Mr. Ferdinand L. Mayer, counsellor of legation. Mr. Mayer asked the editor not to publish the despatch, intimating that its publication would embarrass the legation. That despatch, which proved to be substantially correct, showed that the American government had decided to limit its action about the Nanking incident to the customary protest and representations and would not join in an ultimatum. The effect and outcome of the action of the powers turned on that point. A note without ultimatum and sanctions was innocuous. A note with ultimatum and sanctions, and especially a joint note, meant action that might change



the course of history. As between a joint note and identic notes there is a distinction. A note by a single power is subject to interpretation by that government alone. In identic notes several governments agree on phraseology, but each government reserves its own right of interpretation and subsequent action. A joint note commits its signatories to joint action throughout, and inferentially to majority interpretation and opinion.

After the Hankow and Nanking régimes had replied evasively to the identic note of the powers about the Nanking incident, a major part of the foreign press in China, and especially the British press, demanded that the note should be followed by another in the form of an ultimatum with sanctions. It was generally believed that decision of that matter depended on the American government, for it was felt that other powers would hesitate to act without the consent and coöperation of the United States. When it became known that Washington would not go any further and would not permit the American minister to join in an ultimatum, there was angry and embittered criticism of the American government, which was accused of abandoning its colleagues after having led them to expect its firm coöperation. The evidence to justify that grave charge is circumstantial, and rests on the belief that the American minister at Peking, in talking with his diplomatic colleagues, committed his government to the ultimatum and sanctions program. As one diplomat was heard to put it: "The American minister promised to deliver his government, but he failed to bring it off." Yet that despatch of the United Press which the legation wanted to suppress shows that, prior to the first Nanking note, the American government rejected the ultimatum proposal. Had a second note, with ultimatum and sanctions, been signed for the American government, the American people a few days thereafter would have learned,



probably with amazement, that their nation had embarked in a military intervention in China.

American officials in China, and especially the legation, had acted and talked, albeit confidentially, in a way to cause a belief that the United States, having fallen in with the ultimatum method of treaty enforcement in the Taku incident, would go along with it in regard to the Nanking affair. But Washington either had seen a light or was made uneasy by prospects of "coöperation," as it was being developed by the Peking Legation Quarter; for it drew back. The Chinese were quick to note the change, for they had previously observed the attitude of the legation; and their faith in American policy was partly restored. Whether that faith will survive more diplomacy of that kind is problematical.



# CITADELS OF STANDPATISM

THE LEGATION QUARTER  
SHANGHAI THE UNIQUE  
WHO MADE SHANGHAI?  
OVERLAPPING JURISDICTIONS  
CHINESE JUSTICE  
SAFETY AND COMFORT  
DANGER  
NEED OF REFORM



# CITADELS OF STANDPATISM

## I

**W**HEN visiting the capital of their nation at Washington, Americans, as they pass a building in a residential part of the city, very likely will be told: "That is the British embassy," or the French, German, Italian, as it may be. Unless called to one's attention, none of those houses would attract particular notice. If attention is directed to them, the flag of a foreign nation displayed somewhere on the premises, and insignia over the entrance, can be observed. Those distinguishing marks are unobtrusive. When Americans go abroad, they may have occasion to visit some of the embassies and legations of our government in foreign countries. As a rule those official seats would be passed by unnoticed unless one should be looking for them.

Foreign visitors to Peking do not need to inquire where to find the legations. All of them are placed compactly in what is termed the Legation Quarter, and, to use a homely and apt simile, the Quarter stands out, amid the palaces and temples of the ancient city, like a sore thumb. There is no other place on earth like it.

Approaching the Quarter from without, it has the appearance of a citadel, and it is one literally and figuratively. It is surrounded by battlements, walls of masonry indentured and embrasured like those of old castles. Loopholed steel gates give entrance at a few points. Foreign soldiers with fixed bayonets mount guard at those entrances night and day. On the interior side of the walls are platforms on which riflemen can stand to fire through



loopholes, which in ordinary times are plugged, but which can be knocked open in a short while. There are places for machine guns. One side of the Quarter is bounded by the old wall of the Tartar city. That section of the wall which overlooks the Quarter is patrolled by foreign troops, and at the points where it passes beyond the Quarter there are special defenses against approach along the top of the wall. The Quarter is about half a mile long and a quarter mile wide. It has its own local government, its own police force, its special regulations, its municipal facilities. It has its independent means of communication—radio telegraphs which can reach into several other countries and well out into the Pacific Ocean. It is a minute military state within the capital of another state. It is as if all the foreign embassies and legations at Washington were collected in the center of the city, surrounded by a high wall, guarded by troops of foreign governments, with an administration independent of the authority of the United States and exempt from processes of municipal law and police power, and forbidden to the President of the United States except on permission.

Inside the Quarter every legation stands within its own walls, fenced off from the others and from those bits of the Quarter occupied non-officially. An American visiting his legation would enter its "compound," or enclosure, through a gate with steel shutters where armed sentries are always on duty. Part of the compound is taken up by barracks of a battalion of United States Marines, the "legation guard," with officers' quarters, hospital, a radio installation, a drill ground and athletic field. Passing along Legation Street the visitor would notice, and might be made vaguely uneasy by, the sentries pacing before entrances of the different legations, and the atmosphere of military preparedness and alertness. But that indicates nothing unusual. It is routine.



The Quarter is compounded of independent authorities, each, by virtue of extraterritoriality, subject only to the laws of one government. American law and authority obtain within the compound of the American legation; British law and authority within the British legation compound; and so with all of them. None of the legations can put any compulsion or apply any force of law to the others; whatever is done by the Quarter's administrative functions is by common consent, a consent which may be withdrawn at any time by any legation. The Quarter is governed locally by the Diplomatic Body, composed of ministers of the treaty powers; the minister having the longest service at that post is doyen of the corps. Thus the Quarter has its privacies within privacy, its privileges within privilege, its independencies within its independence of Chinese sovereignty, its inviolate sanctities within its diplomatic immunity.

The unique status of the Legation Quarter grew like the entire position of foreigners in China. It represents that old position, the contacts and relations which were forced on China by western nations, which Chinese at first accepted under intimidation, then came to tolerate, and then, when Chinese educated abroad began to make comparisons, came to resent. The Quarter is a symbol: to foreigners, of the inevitability of international contacts in the modern world and of a superiority complex; to Chinese, of a lesson learned at the price of national humiliation.

It matters little now why or how the Legation Quarter came to exist. What matters is the larger function it performs. In theory the foreign diplomats are at Peking for the same reasons that they are in other countries. They are there, for one thing, to carry on intercourse between their own and the Chinese government. For another thing, they are there to create and to maintain good



relations between their country and China. Good relations among peoples are based on good feeling, and by good feeling is usually meant friendly feeling. A diplomat who, as the saying goes, "rubs people the wrong way," is not likely to remain long at a post. Very lately a minister of an important power at Peking complained of Chinese spitting at him as they passed. That minister has done nothing to make Chinese dislike him especially. It is the Quarter that is spat at. The Quarter rubs the Chinese the wrong way. Henceforth it always will. The Quarter is a powerful reason with the Chinese for moving the capital. They never will consent to create its like elsewhere.

Not long ago, during a time of panic among foreigners at Peking, there was talk of moving the American legation temporarily to Tientsin or Shanghai, where it would be out of the danger zone if there were disorder in the capital. It was intimated that if the American legation moved, other legations would do likewise. The foreign press in China, except one or two newspapers edited by Americans who took a sensible view of the matter, ridiculed the suggestion and said such removal would cause foreign governments to lose prestige, and advocated defending the Quarter to the utmost. If that suggestion of removal was ridiculous, it is because there was no good reason, on the point of danger, to move the legations then.

But is a legation which needs foreign troops in order to be reasonably safe from the hostility of the people of a country of much use in fostering good relations with that country? If authority in a country weakens to such an extent that the American legation and consulates there are not safe from attacks by mobs and cannot be protected by the government, is it the practice to send American troops to hold them by force? Embassies and legations are by custom accorded immunities which make them extraterritorial to some extent. But are they to be regarded



as military outposts, or forts within foreign countries, from which good relations with that country can be shot into the people and government?

A number of times within the last few years, the premises of American diplomatic establishments abroad have been menaced and molested. Many more such incidents have occurred in Europe than in China. American diplomats in Europe have been assaulted; if some of them did not lose their lives, that was through good fortune in escaping bombs and other contrivances for their destruction. Every one will remember how in 1927 it was necessary to guard American embassy, legation, and consulate premises in a dozen or more countries, even in England, because communist elements there resented ordinary processes of justice in the United States. On those occasions American troops or marines were not sent there to defend our government's officials and its property. Protection was provided by those governments. Had the governments not been able to give protection, American troops still would not have been sent. Our embassies and legations and consulates would have been discontinued, and their personnel would have been brought away if they could be extricated. In such a case the American nation would not lose prestige; if prestige were lost, it would be by the nations where such things can happen. The analogy holds good for China. If disorder at Peking, and inability of the government there to protect it, should force withdrawal of our legation, we should not lose prestige in any true sense. But Chinese would have something to feel shame about. That assumes, of course, that Americans, or our government, had done nothing to provoke or justify mob fury against us.

The last time Chinese mobs attacked the Legation Quarter at Peking, in 1900, the first act of violence was the murder of the German minister in Hatamen Street,



outside the Quarter. When the "Boxer" uprising subsided, the German government required China, in expiation, to erect a memorial to the dead German minister at the place where he was killed. For years thereafter the Von Koetler monument with its chaste proportions was one of the sights of the capital. After China declared war on Germany, in 1917, the Von Koetler monument was defaced and then demolished by the Chinese. Germany's relations with China were improved by that effacement; every German in China with whom I have talked believes that. During the siege of the legations in 1900, bullets fired by Chinese at the Quarter nicked the walls in many places, and especially at one place where the British legation compound abuts on what is now the Quarter's glacis. Those bullet marks have been preserved and marked by a tablet with the words "Lest We Forget." I venture to think that those marks and that tablet will pass the way of the Von Koetler monument. Whether the effacement is done by the British or by the Chinese is the doubtful point. A memorial is valuable or not according to the thoughts it brings to people's minds.

When the Legation Quarter was replanned, after the "Boxer" upheaval, the American government relocated its legation at the extreme western end of Legation Street on a plot of ground jutting out from the Quarter and giving its defensive front, at that point, an irregular form which by some military experts was thought to impair the Quarter's security. The American government was urged then to change its legation's location, or to restrict its grounds to conform to defensive requirements of the Quarter; but it refused to do that, showing that the legation was not planned as a fortress. One still hears the American government criticized in Peking because of that. I would, now, go further, and set our legation entirely apart from the Quarter by razing its walls and



withdrawing the legation guard. I would do that with the idea, and the belief, that it will help America's relations with China, and help Americans in China in their contacts with Chinese. If by disarming our legation it should be impossible to keep it there, I would withdraw it and suspend diplomatic relations with China until the Chinese would want and welcome the legation back. That idea is not original with me. Many Americans, and some of our senior diplomats in China, have held it.

The Legation Quarter at Peking is a blood-red flag flying in the face of Chinese nationalists.

## II

BECAUSE OF WHAT it symbolizes, the Legation Quarter at Peking is usually thought of as the place where the last stand of foreign privilege in China will be made. That is not so. Shanghai is the real citadel of the old treaty status. The Quarter, like the diplomats who are its living presentment, can vanish from the scene without great consequence; it is extraneous. The foreign settlements at Shanghai may have been grafted on China, but they have grown into the commercial, financial, and industrial organism of that country, and to remove them entirely would be like cutting a pound of flesh from a man's body.

At Shanghai can be seen in active operation the frictions and irritations growing out of China's modern contacts with the West, and the beneficial factors too. Every condition caused by the impact of western political thought and material evolution on that old nation is found there in its best and its worst forms. Shanghai is, in truth, a concrete example of the problem of China. The foreign settlements at other places merely reproduce its features on a smaller scale.

Shanghai is many-sided. It is unique among the cities



of the world. It is almost indescribable. Described in detail, it seems fantastic.

The port of Shanghai has about two and one-quarter million population. Of those, about forty thousand are foreigners. Late census figures give approximately 18,000 Japanese, 9000 Russians, 7000 British, 4200 Americans, 1000 French, 900 Germans, 300 Italians, 300 Dutch, and the remainder spread among fifty other nationalities. Of persons registered as British, French, American, Portuguese, and of other supposedly white nations, a goodly number are Asiatics and Eurasians; East Indians register as British, Filipinos as American, Javanese as Dutch, and so on. Including Japanese, almost half the people called foreigners are wholly or partly of the brown, yellow, and black races. In the port area are some 2,200,000 Chinese, who outnumber all the foreigners nearly sixty to one.

The place called Shanghai comprised until 1926, when the districts under Chinese government were consolidated, five distinct municipalities. Two of them are foreign. The port is strung along the Whangpoo River for about twelve miles and includes the town of Wusung, where the Whangpoo enters the southern mouth of the Yiangsi-kiang and where ships frequently anchor. The port lies on both sides of the Whangpoo, which at that point is a stream averaging half a mile in width and with strong tidal currents. At the point where Soochow Creek enters the Whangpoo, the river makes a right-angle bend; and a mile farther upstream it makes another bend, forming a letter S.

Take the five towns in order. At the upper turn of the S is the old city of Nantai which was there when the foreigners came. Once it was walled, but where the walls were there are now wide streets on which tramcars operate. Separated from Nantai only by the width of one of



those streets is the French concession, an area set apart for the French to live in. Continuing down the river, next is the International Settlement, separated from the French concession only by a line running down the middle of a wide boulevard which a few years ago was a noisome creek. All those towns are on the north side of the river. The International Settlement (so called because it is composed of what formerly were the British and American "concessions") extends beyond Soochow Creek (which is bridged at eight places to carry streets across) for about five miles in an irregular strip which bends at a right angle near its middle. From there on, separated from the International Settlement only by boundary streets between them, lies the Chinese town of Chapei, a factory district. On the other side of the river and extending opposite the French concession and the International Settlement for miles is the Chinese district of Pootung, with extensive wharves, factories, and warehouses. That is Shanghai in physical and administrative outline.

In 1842 when a British naval squadron forced its way past the forts at Wusung and compelled the opening of Shanghai to foreign commerce, the old walled town probably contained less than 100,000 people. Where now exists the third or fourth largest seaport in the world extended then the flat stretches of the Yiangsi delta. Where now stands the finest "Bund" (water-front street) east of Suez, with its towering buildings and parkway, its dense traffic of trams, motor buses, motor cars, rickshas, carts, and a variety of vehicles probably not seen anywhere else on earth, was a mud flat, partly overflowed at every tide. On that flat an area was marked out for the foreigners to live on.

From that beginning the Shanghai of today has grown, painfully, at times perilously, and struggling always with difficulties that would have daunted a less determined and



energetic lot of people than those pioneer traders and missionaries and their successors. The Yiangsi delta region is an enlarged Venice, or like Holland, honey-combed with small creeks and canals, with numerous lakes, and builders cannot dig down more than three feet anywhere near Shanghai without finding water. Underground drainage for sewers is impossible. The fine structures that now ornament all parts of the port rest, if they are heavy, on concrete "floats" supported by deep-driven piles. No house in Shanghai can have a cellar.

From the American Club, in the heart of the business section of the foreign settlements, which brought to Shanghai a fine example of our colonial period architecture, one can take a ricksha and in five minutes pass through three municipal jurisdictions. Or by taking a launch or sampan to cross the river one can get into still another, and going in another direction for ten minutes, one can pass into a fifth. The passing (except crossing the river) from one jurisdiction to another is as if one crossed from one side of Fifth Avenue in New York to the other side. By observing closely, one can notice that the police on one side of boundary streets wear slightly different uniforms from those of the police on the other side; there is nothing else distinctive to catch the eye. There are complications, of course. A taxi or ricksha must be licensed separately in each of the municipalities or remain in one of them. What is a misdemeanor in one jurisdiction may not be so in another; one moves from one police authority to another by crossing a street. Yet a stranger in Shanghai need never be conscious of those complexities and will seldom learn of them. To strangers, Shanghai seems one large city under one government.

If one asks a foreign resident of Shanghai how that important place was created, the reply almost invariably is: "The foreigners built it." And most of them would



add: "And precious little thanks they get from the Chinese for having done that."

Did foreigners build Shanghai? In fact they did not. The Chinese built Shanghai, but foreigners managed the job; and without their initiative and management the place probably never would have got built, and surely without them the port would not have progressed as it has.

What made Shanghai grow? A city must have people to live in it and work there, or it cannot grow, and of the people who live and work in the area of the port of Shanghai now, about 98 per cent. are Chinese. Of the people who live, work, and transact business in the two foreign settlements, about 95 per cent. are Chinese. If the Chinese should move out, what would happen to the settlements? And, conversely, if the Chinese never had moved in, how could the settlements have grown?

Whom does this modern Shanghai belong to? There are two answers to that question, one on the point of sovereignty, and one on the point of property ownership. It is not feasible to get reliable statistics about property ownership because of the complicated system of registration and taxation in the settlements, but the lowest impartial estimate of the proportion of property owned by Chinese in the foreign concessions is 80 per cent. of the total valuation, and some well-informed foreigners place the proportion as high as 95 per cent. "But," foreigners there say, "when calculating how Shanghai grew into what it is, don't leave out the most important factor, government. This Shanghai would not be possible without the government which foreigners have given, without the protection to life and property which government by foreigners has given to Chinese in the concessions from their own miserable government, and the example the foreigners have set by their energy and enterprise."

The importance of good government in the development



of nations and cities is admitted. On the whole, foreign settlements in China are well managed, perhaps better managed than any other places in the world when one considers the extraordinary complications and difficulties they have always been subjected to. Yet it would be evading the issue not to point out that while Chinese are 95 per cent. of the population of the foreign concessions at Shanghai, own, say, 90 per cent. of the property there, and pay 90 per cent. of the taxes, they have no representation in the government. Formerly they did not mind that; now they do.

The foreign concessions at Shanghai are much larger in area now than when they were first delimited, and the manner and method of that extension has developed into a serious issue between the foreigners and the Chinese. Early extensions were obtained by authority of the Chinese government, but after it was no longer possible to get the government's consent, police authority of the settlements was extended by oblique and extralegal means. One method was for the foreign municipal councils to buy privately land outside the concessions' limits for a road right of way. Then a road would be quietly constructed on that right of way, embracing a considerable area. Later other roads would be laid out inside of that area and connecting with roads penetrating the legitimate concessions. Then gradually settlements police were sent out to patrol those roads, which were marked by regulation foreign municipal stones, and in that way, without making any fuss, those outside roads and the areas they traverse would be brought under police supervision of the concessions, and foreign municipal water mains, lighting, and telephones were extended to residents outside the concessions. In that way the limits of the concessions were pressed outward almost without its being noticed.

In time that process drew the attention and then the



opposition of the Chinese, who perceived that foreigners were cleverly pushing their authority beyond limits set by the treaties. I am not disposed to blame the foreigners for doing that. Progress moves by certain laws, and when those laws are artificially repressed by the obstinacy of backward governments, they will inevitably, like a running stream, try to get around the obstruction.

### III

WHEN ONE FINDS in a place originally set apart for the exclusive residence of foreigners that about 95 per cent. of the population are Chinese, some interesting speculations arise. How did that transition of purpose and intention occur?

It should be kept in mind that the right for foreigners to reside at Shanghai was not granted willingly by the Chinese government. The right was conceded at the point of the bayonet, so to speak. The foreigners were not wanted except perhaps by a comparatively small group of Chinese merchants who had learned that there was profit in trading with them. Chinese were averse to close contact with the foreigners, so much so that the foreigners were given a place (since China could not be entirely rid of them) to live apart by themselves and were enjoined to confine themselves to their "concessions." From that beginning it has come about oddly enough that of all places in China, the Chinese prefer now to live in the foreign concessions. Their presence in such numbers proves that, for at no time has there been any special effort to induce Chinese to live in the settlements, and at times there was objection to allowing them in. Why Chinese want to live in the concessions is plain. The reasons can be expressed by one word, security. Perhaps the reasons are better expressed by two words, security and justice.



In the early days of those concessions, only a few Chinese lived inside their boundaries; they were mostly servants of the foreigners and employees of the "hongs," or commercial firms. Indeed the first regulations prohibited Chinese, with the exceptions noted. But as the trade of the place grew and the port attracted hundreds of foreign ships, it followed that all sorts of business incidental to the commerce sprang up, and most of it, for convenience' sake, was conducted in the settlements, employing many Chinese laborers and tradesmen. That condition led to questions as to the status of those Chinese in the concessions, and considerable negotiation ensued between the foreign powers and the Chinese government on that point. It was agreed that Chinese in the concessions would be subject to the police and land regulations, but the Chinese government refused to relinquish its sovereignty over them. Thus, from the beginning, Chinese in the settlements were under a dual authority.

The question of admitting Chinese to the concessions was debated with considerable vigor when it first arose. Many foreigners were opposed to admitting them; among them was the British consul of that time, who took the view that only foreigners (indeed only British) should live in the British concession. That view, however, did not accord with the judgment or the interest of the foreign merchants. In his *Historic Shanghai*, C. A. Montaldo de Jesus tells of a deputation of British merchants visiting their consul, and quotes one of them: "No doubt your anticipations of future evil have a certain foundation, and, indeed, may be correct enough, although something may be urged on the other side as to the advantage of having the Chinese mingle with us and departing from the old Canton system of isolation: but on the whole I agree with you. But in what way am I and my brother land-



holders and speculators concerned in this? You are Her Majesty's consul and are bound to look at national and permanent interests; this is your business. But it is my business to make a fortune with the least possible loss of time, by letting my land to Chinese, and building for them at 30 or 40 per cent. interest, if that is the best thing I can do with my money."

Thus it was, and thus it still is. Chinese found it convenient to live in the foreign concessions, and the foreign land renters found it profitable to exploit their holdings by building tenements for the Chinese and thus give immediate value to all land not needed for the actual use of foreigners. That motivation has held good ever since. It is more powerful now than at any previous time and causes constant pressure of the concessions outward to take in more land. It was the Taiping rebellion that caused the first great influx of Chinese and established Shanghai's reputation as a secure place of refuge. During that titanic struggle the settlements were reborn and assumed the form they have now. The necessity for defense against the Taipings (the Peking government lost control in the Yiangsi delta region) led to the creation of a municipal defense committee, which later became the municipal council, and the organization of a volunteer military corps. At that time was established, not without considerable diplomatic straining, the principle of the right of political asylum. Most of the principles and precedents that gave the Shanghai settlements their present character have their roots in the Taiping war.

Americans and the American government exerted a strong influence in shaping those events and in that way helped give the International Settlement its present status and character. It was on the motion of the then American minister at Peking, Anson Burlingame, in 1864, that



the Diplomatic Body there formulated a number of principles on which the reorganization of the concessions should be effected, viz.:

1. That whatever territorial authority is established, it shall be derived directly from the Chinese Imperial government through foreign ministers.

2. That such shall not extend beyond simple municipal matters, roads, police, and taxes for municipal objects.

3. That Chinese not actually in foreign employ shall be wholly under the control of Chinese officers, as much as in the Chinese city.

4. That each consul shall have the government and control of his own people, as now the municipal authorities simply arrest offenders against the public peace, hand them over, and prosecute them before their respective authorities, Chinese and others as the case may be.

5. That there shall be a Chinese element in the municipal system to which reference shall be made, and assent obtained to any measure affecting the Chinese residents.

Those proposals met with objections from the foreign community at Shanghai, and a committee appointed by them urged changes, as follows:

1. Chinese taxation within the settlement, pointing out the necessity of restricting the action of local Chinese officials within the settlements, inasmuch as the taxes there imposed, both in amount and variety, some being tantamount to an additional impost on foreign trade, were unwarrantable in face of the treaty.

2. The domination of Chinese in the settlement, which would be a natural outcome if they should have unrestricted access to the municipality, might easily ruin the municipal concern, owing to the systematic speculation of native officials, and their indifference to the maintenance of order and to sanitary and other local requirements tending to the progress and prosperity of the settlement.

3. As a safeguard to life and property the spirit rather



than the exact wording of the treaties should be adhered to when necessary, and when consonant with the dictates of reason and humanity. The land renters would gladly relegate their heavy burden of responsibility to a reliable territorial government, if it existed, but, in its absence, they felt bound to seek on behalf of the community such governmental powers as might avert the calamities of anarchy and pestilence, to the benefit of the territorial sovereign.

The arguments stated in those articles, pro and con, apply at Shanghai today with as much aptitude and force as they did in 1864. The situations then and now are analogous. In China now are laxity and corruption of government, disrespect of authority, disruption of the stabilizing power of tradition, and a condition in many places bordering on anarchy, comparable with the time of the Taipings. Foreigners there feel that all the arguments given in that statement of the land renters have equal force now, have even greater force, because in 1864 there was a presumption that the conditions complained of might be reformed in time, while now, after sixty years, not much by way of reformation has been accomplished.

At that time the arguments of the foreign land renters were effective, and reorganization of the settlements took into account the matters they broached. The government of the settlements remained entirely in the control of the foreigners. Nevertheless (indeed chiefly because of that), Chinese continued to come into the settlements in great numbers. Every internal disturbance brought a fresh influx: the "Boxer" troubles, the revolution, the attempt at counter-revolution, and the inter-tuchun wars which have featured the last few years. Chinese have found the settlements a safe place to invest their wealth out of reach of the rapacity and exactions of officials, to do business, and to get legal protection and justice in fair measure. They came into the concessions because they wanted to. No



inducement or coercion was applied to bring them, except the coercion supplied by the lack of securities in the government of China. Chinese have given the settlements their phenomenal growth because, obviously, the Chinese wanted them to exist and to grow for the sake of advantages which the Chinese get from them.

Even those pressures outward of the concessions caused by the influx of Chinese (now termed "encroachments" on China's sovereignty) have been connived at by Chinese because on the whole they have benefited Chinese more than foreigners. Extension of the municipal roads outside the limits of the concessions could not have been effected without tacit help from the Chinese. Those roads were not procured by condemnation proceedings; the right of way was in all cases purchased from the Chinese owners at current prices. Construction of the roads, and concurrent extension into the areas they penetrate of municipal lighting and power and water, enhanced the value of all land thereabout. The Chinese therefore get the greater benefit from these developments.

In that juxtaposition one can see a struggle between two strong motives, that of social and material betterment accruing to Chinese from the extraterritorial position of foreigners, and the swelling national consciousness which resents foreign privileges.

#### IV

SHANGHAI HAS a number of quite different and at times overlapping jurisdictions. There are two distinct kinds of government: oriental and occidental. Chinese parts of the port have the oriental form, and the foreign concessions represent western forms of government. The population are divided about equally between those two kinds of administration.

The legitimate area of the French and International



concessions together is about fifteen square miles, the French concession being about one-fourth and the International Settlement three-fourths of that total. Their status and governments are alike only in that both are foreign.

The theory of the French government is that its concession is a leasehold in perpetuity and therefore is French soil in the sense that the French embassy building and grounds in Washington are French territory; even more, for while in Washington diplomatic immunities surround the French and other foreign embassies, they are not immune from the processes of American criminal law in some particulars. Since the Shanghai concession was granted, the policy of France has been to insist that in fact the extritorial status applies during the continuance of the leasehold and that the Chinese laws and authority are in no cases applicable.

On the other hand, the Chinese government, since it began to comprehend the ultimate drift of those claims of France, has refused to admit that interpretation and has insisted that China's inherent sovereign rights are intact and unalienated and that functions such as the maritime customs administration and jurisdiction over Chinese living in the concession remain with China. At the Washington conference France receded somewhat from her position by consenting to the resolutions by which the status of foreigners at Shanghai was admitted by the powers to be extralegal and temporary.

The French concession has its own form of government. Its head is the French consul general, and although there is a municipal council (on which men of other nationalities sit by courtesy), elected by the rate-payers, the council is merely an advisory body and has practically no real powers. Technically, the police and volunteer troops of the concession are "consular guards" under the absolute



authority of the consul general. The council and its employees manage the administrative functions of the concession, but always under the consul general, from whose decisions the only appeal is to the government at Saigon, and thence to Paris.

The International Settlement began on the same principle as the French concession. At first separate concessions were set apart for the British and the Americans. The British concession adjoined the French concession, and farther along the Whangpoo and on the far side of Soochow Creek an American concession was marked out.

The United States government never took over its concession; the policy of the State Department was not to acquire such status in foreign countries. (That policy was regarded as erroneous by most Americans in China until lately; it really was wise and far-seeing.) When the concessions were first marked out, the American part was inconveniently located and detached from the center of trade operations. That caused Americans to prefer to live and do business in the British concession, and that led to a prolonged and at times heated controversy between the British and American consuls of that time, which of course was transferred to the home governments. The British consuls contended that since they were responsible for the good order of the concession and the conduct of its residents, and as they could not control Americans and other nationals, residence in the British concession should be limited to British subjects, and that anyhow the concession was given for British use exclusively. To that argument the Americans replied in effect that under the "most favored nation" treaty between the United States and China, Americans could claim to participate in all privileges granted to the British. In the end the American argument won, perhaps not so much because of its validity as because the exposed position of all for-



eigners made it expedient for them to stand together; and Americans thereafter lived in the British concession without further question. Later the area set apart as the American concession was incorporated, by arrangement with China, with the British concession, forming what is now known as the International Settlement, to which from time to time additional land has been added.

Thus almost from the beginning that part of the concessions took a different, and special, character from the French concession, and consequently its administration developed on different lines. Once the fence was down, other nationalities claimed the same position as the British and Americans, and in due course they were accorded that position. Consequently the International Settlement of Shanghai is hard to describe in a word or phrase now. I have heard lawyers call it a "free city," a "republic," and a "principality." Certainly there is nothing exactly like it anywhere else, not even the other foreign concessions in China. In a sense the Settlement is governed in a dozen or so foreign capitals. Obviously that is a fiction; government would not be possible in those conditions.

The actual government of the International Settlement resides in a municipal council which is elected annually by the voting "rate-payers." There are about 2500 voters. The franchise is based on the payment of "rates," or taxes, and on some vested interests apart from taxes. That leads to some multiple voting. One person may have several votes: a vote for taxes and rent paid on a residence; a vote as representative of a business or professional firm; a vote as an owner of other property or as a trustee. Also "rate-payers" who are temporarily away from China may vote by proxy. There is less multiple voting than is generally supposed, and criticisms of the system as an evil are scarcely warranted. Many women vote. Only foreigners have the franchise.



Government of the International Settlement is conducted by a functionary like a "city manager" in America, who is termed secretary of the council. The administration closely resembles "commission government" in America. Members of the municipal council are almost invariably selected from leading foreign residents and they serve without pay, giving much of their time to city problems. The direct administration is by the secretariat and the departments. It conducts in some degree and quite efficiently every kind of function that a city like New York does: police, fire protection, schools for foreigners and Chinese, hospitals, street upkeep and extension, water works, public parks, lighting and electrical power plants, gas works, a municipal band and orchestra, a municipal investment bank, a river patrol. Its budget for 1925 was about \$8,000,000 U.S. currency. It carries outstanding about \$30,000,000 debt in the form of debentures covered by amortization of revenues. The Settlement in effect maintains its own army and navy in the Shanghai Volunteer Corps and police reserves and the river police. The inter-tuchun wars in that vicinity have cost the Settlement heavily for mobilization and precautionary measures. The forces are under direct authority of the chairman of the council. The chairman has practically the same authority to use those forces as the President of the United States has in analogous instances.

In theory the government of the International Settlement is subordinate to the consular officials of the powers there. In fact the municipal council is independent of the consuls and of the Diplomatic Body, and is almost independent of the home governments. That hypothesis of subordination is maintained to meet a psychological need. As long as the Chinese believe that back of the municipal council are the Consular Body, and back of the Consular Body are the Diplomatic Corps, and back of the Diplo-



matic Corps are the armies and navies of the powers, they are circumspect in dealing with the council. In many matters the chairman of the council treats directly with the Chinese government through its commissioner of foreign affairs in Nantai, and also with local Chinese officials. Local issues and questions are adjusted without reference to the consuls and diplomats in all cases where that is possible.

The semi-independence of the Settlement from the supervision and authority of the Consular and Diplomatic Bodies came about gradually and because of practical need. In theory all consular and diplomatic officials in China have equal status. Consequently, in the International Settlement of Shanghai a consul of Peru or Norway or Mexico or Soviet Russia is the equal of the consuls general of Great Britain, the United States, and Japan, the real powers in the Pacific, having extensive vested interests and many nationals in China. On that theory (which at times is advanced plausibly by the consuls of minor nations) it would be possible for a combination of minor consuls, or diplomats at Peking, to overrule decisions of officials of the major powers and to determine actions of the Settlement government on important and far-reaching matters. As things are, that authority never could or would be admitted; and the council would refuse to act under it. Therefore the theory of international mandate falls to the ground in fact, while such of its fictions as still are psychologically useful are observed outwardly.

At Shanghai there is a tiny state, or free city, constituting the core of one of the world's greatest seaports. Its functioning, its dealings with contiguous administrations, its relation to world politics and international peace, make a fascinating study.



## V

FOREIGNERS LIVING in the concessions at Shanghai are always under two forms of government, and in some cases they are under three kinds. In the International Settlement foreign residents are, first, under the laws of their home governments, and then under the laws of the municipality. If, as is often the case, a person not of French nationality does business and owns property in the International Settlement and resides in the French concession, or vice versa, that places him under still a third jurisdiction in some of his affairs and activities.

Take the case of an American who has his business in the International Settlement and lives in the French concession. He pays taxes in both concessions and is entitled to vote in both at municipal elections; he may be a member of the municipal governments of both concessions. In recent years more Americans have lived in the French concession than in the International Settlement, because residential expansion has taken that direction. The new American community center, consisting of a school with dormitories and athletic fields, a church, and an auditorium, is in the French concession. The Columbia Country Club (American) was formerly in the French concession, but the new club house and grounds are outside of the concessions in Chinese territory. The American Club is in the International Settlement. Thus a majority of Americans at Shanghai pass every day from one jurisdiction to another in their ordinary business and pleasures. That is true of all foreigners there.

Nations now having consular representation in Shanghai are Russia, Germany, Japan, France, Great Britain, Austria, Italy, Spain, Norway, Denmark, Holland, Sweden, Belgium, Mexico, Cuba, Brazil, Chile, Switzerland, Portugal, the United States. Peru has a treaty but



never sent a consul, and Argentina has a consul there waiting for a treaty to be signed.

So foreigners are living at Shanghai under the laws of more than twenty nations, for foreigners who have treaty rights enjoy extraterritorial privileges, except persons whose governments never acquired that status and those whose governments have given it up. Germany and Russia are important nations which have lost extraterritorial status in China. Therefore Germans and Russians are under the general jurisdiction of Chinese law, and in the foreign concessions they are subject also to the municipal administrations. As there are more than fifty nationalities represented in that cosmopolitan place, many foreigners do not have extraterritorial status. About one-third of the foreign population of the port of Shanghai are without that "protection."

The laws by which the International Settlement is governed are known as "land regulations" and "by-laws." The land regulations constitute the organic law of the Settlement, and the by-laws are like municipal ordinances and police rules in American cities. Under the old practice foreigners were allowed to "rent" land inside the concessions from the Chinese owners; in theory they secured the land under lease in perpetuity. As the concessions became more populated it was necessary to expand their government, and "land regulations" were drafted and approved by the Diplomatic Body at Peking. From time to time the land regulations have been revised and amended. The land regulations were always too general in character to cover the necessary police powers of a community; so in due course it was provided that the municipal council could propose by-laws which, after being submitted first for the approval of the Diplomatic Body at Peking and also to the local Consular Body, and then to a special meeting of the land renters (now termed



“rate-payers”) held for the purpose, would be adopted or rejected. In that way the Settlement created its own set of laws, which are quite distinct from laws of the various treaty nations that apply primarily to the government of their nationals there, just as, for example, the municipal charter and ordinances of New York City are distinct from the laws of the United States.

Those who have observed in recent years the difficulty of coördinating the laws of the United States and the police authority of New York City in enforcing liquor prohibition will understand the situation at Shanghai. And if to that difficulty were added the fact that instead of one set of national laws and officials overlapping the local laws and officials there would be, as at Shanghai, more than twenty different sets of national laws applying with equal validity, an idea of conditions there is obtained.

I have pointed out how in the beginning of those settlements only three nations, Great Britain, France, and the United States, acquired rights and concessions. The prominence given to those powers then has continued ever since. Those powers (especially Britain and America, who led in the early days of the China trade) are responsible primarily for the organization and legalizing of the settlements; to this day the American, British, and French consuls general are regarded as constituting the focus of authority in the Consular Body, although in the last decade the consul general of Japan has taken an almost equal position, and prior to the World War the German and Russian consuls were prominent. The importance of British commerce and other interests in China led to the creation at Shanghai of a British Supreme Court to take care of the increasing litigation, which became too much for a consular court to handle properly. It should be explained that in each foreign consulate a member of the staff is designated to act as judge of the consular court, and to



those courts are referred cases involving nationals of a consulate whenever a nation has not established a regular court.

It was not until 1906 that the United States followed the example of Great Britain, and Congress created a United States Court for China. That court is organized as the United States District Courts are at home. It takes jurisdiction in China of all cases of a certain importance, leaving the consular court to perform much the same function as police magistrates do in American cities. If an American is charged with a serious crime, or is defendant in a civil suit of consequence, the case goes to the United States Court for China. If an American is arrested for being drunk and disorderly or for a petty infraction of the by-laws, the case goes to the American consular court.

Subjects of nations which do not have extritorial status in China are subject broadly to the laws of China, and if living in the concessions, they are also subject to the land regulations and by-laws. A Russian or a German charged with an offense under the by-laws, or appearing as a litigant in a civil action, until 1927 would have been tried in the Mixed Court with a foreign (extritorial national) assessor sitting with a Chinese magistrate.

The reasons for creating in China regular courts of foreign nations are simple. In legalized nations courts are necessary for the carrying on of business; court calendars in western countries are mostly occupied with civil actions growing out of disputes about business and property. In dealing with criminal offenses of, let us say, Americans in China, the consular jurisdiction might have sufficed forever, for consular officials as a rule were competent to mete out justice in petty offenses, and more serious cases could be sent to courts at home or taken there on appeal. But in respect of the large amount of business transac-



tions between Americans and Chinese and between Americans and other foreigners which grew up in those concessions, and the inevitable contentions, disputes, and differences that arose therefrom, it became practically indispensable that they be dealt with at the places where the disputes occurred, where witnesses could be obtained, and where local conditions were understood; or Americans would continue to be seriously handicapped in working there. The same was true of other important trading nations. Germany had created a court in Shanghai and at Tsingtau before the World War. Japan's proximity to China makes it unnecessary to do that.

The process by which foreign residents in the concessions are arrested or summoned into court is by consular warrants. (Of course a foreigner may be arrested at sight by the municipal police for disorderly conduct or an overt act.) If the charge or summons is against an American, a warrant must be applied for by the police to the American consulate, and in the case of an Italian, a Dutchman, a Belgian, a Spaniard, et al., they can be arrested or summoned only on warrants issued by their consular officials. It often occurs that the municipal police want to arrest a foreigner but cannot do so because his consulate will refuse to issue a warrant. The police may want to close a disorderly resort, but it may be found to have taken refuge with a nation under whose laws such occupations are not illegal, and the respective consular officials will refuse to issue warrants. That condition causes controversies and acrimony, as there are wide differences of law and custom among nations in these matters.

Even about matters which involve no especial importance, or turpitude, the divergencies of laws lead to anomalies. Shanghai is a city which grew almost by itself and built up its character, laws, and customs as it went along. At the bottom of everything that now exists there



in permanent or stable form lie common sense and practical need. Take this case, for example. An American was arrested by the police of the International Settlement for, as I recall it, having in his possession some ammunition contrary to the by-laws. He was haled into the United States Court for China, where his lawyers argued that the offense charged does not constitute an illegal act under United States statutes which apply there. In giving his decision, Judge Milton Purdy (April 23, 1925) said:

It is conceded that the by-law in question has been in force in Shanghai for some time past and has been enforced, I presume, not only by the Mixed Court, but also by other judicial officers against their nationals in the same way as other ordinances and by-laws of the city. It also is conceded that the Commissioner of the United States Court in Shanghai for years has enforced municipal regulations, and prior to the establishment of this court these same regulations have been enforced by United States consuls. It seems that at various times the authority to enforce these by-laws has been questioned; yet it does not appear that any case ever has been appealed to the United States Court of Appeals where a conviction was obtained and a sentence imposed, so there is no authoritative decision by the courts other than the United States court for China and the other courts of other nationalities that exist in Shanghai and enforce the ordinances. The municipality of Shanghai is a rather unique governmental body. Possibly there is nothing like it in any other part of the world, and these regulations have been enforced by the courts of other nationals here. There has been no attempt of the municipality to establish a court of its own for the purpose of enforcing its by-laws, but there has been for years an acquiescence on the part of all nations concerned in the good order and government of Shanghai. American citizens come and reside here and own property here, and so far as appears from the records of this court they have submitted to the regulations and by-laws of the Shanghai municipality. . . . It seems to me that at this late date it would create a condi-



tion of chaos for any one government to hold that it could not enforce these by-laws against its own citizens, and there seems to be some good reason for holding under the common law power which this court possesses that it can enforce the rules and regulations of the municipality that is existing within its jurisdiction. . . . I therefore hold that this court has the authority and it is its duty to enforce these municipal regulations, and if I am in error in regard to that matter of law there is a way to have the error corrected by appeal to the Circuit Court of Appeals.

The American judge construed the powers of the United States Court in China, and regulations of the International Settlement, to conform with common sense, and he would not allow technicalities to break down government of the settlements. That principle, except occasionally, has been applied by foreign consular officials there, and as between officials of the French and International concessions. It is seldom that what amounts to mutual "courtesy" between consuls of different nations, and between the two foreign municipalities, in recognizing and supporting the police powers of each, is openly broken; but often it is severely strained. Causes and occasions for that straining give probably the most interesting illustrations of the cross- and inter-play of international customs, laws, rivalries, competitions, and jealousies extant.

## VI

PROBABLY IT IS inevitable that a complex form of government will give occasion for and lend itself to evasions and abuses. "In many laws lies the rogue's opportunity" is a broad translation of a Chinese proverb. No other place on earth has so many kinds of law as Shanghai.

Passing for the moment (but always remembering) the two kinds of government, oriental and occidental, attention can be given especially to the foreign concessions. The



area of what now is the International Settlement was allotted originally to the British and American governments and for years was under their exclusive authority. Those nations have almost the same political and social ideas and jurisprudence. On fundamentals of human conduct, and what is thought to be right and what is believed to be wrong, and what is proper and what is improper, British and Americans think very much alike. So long as authority resided with the British and American consuls, there was no broad clash of systems, and in their own concession the French carried on in their own way.

But when the Settlement took on an international character and some twenty nations, large and small, were given equal footing and consular status, complications multiplied. The western Christian nations have similar ways of dealing with major crimes and ideas concerning property, marriage, and the fundamental relations of society; but even in these matters there are as many, perhaps more, differences among laws of the nations represented at Shanghai as among laws of the States in America. Probably as good a comparison as can be made is to imagine a city like Chicago having the laws of twenty States simultaneously in force and in some degree administered by as many different State courts.

Results of that condition can be illustrated by citing some particular instances. Gambling is publicly frowned on by British and American society (but privately indulged in by nearly every one), and in those countries gaming places are prohibited; in America even lotteries are against the law. But a very different view of this matter is held in many states of Europe and South America. The opium question is an international sore spot. For years an effort has been made to rid China of this vice, and the American government has tried again and again to procure a sweeping international agreement to sup-



press and regulate the traffic. But there we differ even from Great Britain, whose government in India derives revenue from opium and is reluctant to give it up. There is the traffic in arms and munitions. All will remember the constant and, so far, futile efforts of nations to agree on measures to regulate and confine the international commerce in arms. This is a matter of especial interest in China, for unless Chinese militarists had got arms and munitions from abroad they could not have organized their swollen armies and could not keep up their petty wars.

I have not much sympathy with efforts to transplant our strict laws and inhibitions to Asia. Yet I can see that it was inevitable that we should try to do that. Missionaries are natural reformers. In China they try to order their lives according to church ideals, and in civic matters they desire to apply the standards and laws of the home countries. "We should set an example for the Chinese," is their slogan; and in all of us there is enough of inherited respect for tradition and our home habits to make the non-missionary elements in China yield the point in most things. As a consequence, in the Shanghai International Settlement gambling places and licensed houses of prostitution are regulated by the British and American home methods and are prohibited by the by-laws. But those who know how hard it is for the police in New York City and Chicago to suppress gambling and prostitution will understand how much harder it is to do that where, under laws of several nations that have consular jurisdiction, those things are legitimate.

The foregoing items are mentioned to illustrate certain abuses inherent in the nature of government in those settlements. In view of international amenities I shall not particularize, but there is little doubt that consuls of some nations at Shanghai use their offices to protect illicit



and, under the by-laws, illegal traffics and occupations. Instances are known where persons wanting to get such protection have managed to induce nations whose nationals in China number perhaps scarcely a score to appoint consuls who were subsidized by the interests that were to be protected. One would not need to go back of late court records at Shanghai to find specific instances of illicit occupations getting under the wing of a foreign consular jurisdiction.

For illustration I will give an imaginary case. There is an agreement among the principal powers to prevent the importation and sale of arms and munitions in China. The agreement was formed at the instance of the Chinese government, which wanted to prevent revolutionists from obtaining arms; and the foreign powers had almost an equal interest in putting an embargo on arms because of the turmoil that revolutionary efforts and provincial wars caused. The case of Mexico is nearly parallel. It is legitimate for foreigners to sell arms and munitions to the recognized government of China, but it is illegitimate for them to be sold to any one except the recognized government. The Peking government tries to prevent the smuggling of arms and munitions, and the foreign powers are obligated to prevent their nationals from engaging in the business. On the other hand, Chinese militarists are always trying to obtain arms and ammunition and will pay high prices for them. Scarcely a week passes at Shanghai without the Chinese or the settlements police making a seizure of arms which are being smuggled from ships in the port. It is notorious that quantities get into the country. It is notorious also that Japanese, Italians, and Germans have been the worst offenders.

The biggest "graft" at Shanghai is the smuggling of opium. The China maritime customs do what they can to check the practice, but with poor success because the



traffic is "protected" in so many quarters. The chief profiteers are Chinese officials and militarists, who will use Chinese warships to bring in the drug. A staff officer of one of the important Chinese militarists was sent to Shanghai because his chief suspected that he was not getting a fair share of the graft from opium smuggling, and when the staff officer took the local officials to task, an affray occurred in which the staff officer was killed. That happened only a few yards outside the Settlement boundaries.

Chinese officials are not the only persons engaged in opium smuggling. Many other Chinese and many foreigners are in it, and as those Chinese want to prevent the Chinese officials from knowing of their traffic and interfering, rascally foreigners are employed to get the "protection" of a foreign consular jurisdiction. In that manner the opium graft finds its way inside foreign administration of the concessions; the concessions police are implicated sometimes. British and American officials are strict in trying to enforce the arms embargo and the opium restrictions. That cannot be said of officials of some other governments which rank as principal powers. In these conditions is found a reason why the municipal council of the International Settlement has taken the position of being practically independent of the authority of the Consular and Diplomatic Bodies in local matters; for if the Consular Body actually had the superior authority it would be possible for a bloc of little nations to run the Settlement as they liked.

What is perhaps a lesser evil, but one which gives a good deal of trouble, is complications arising from the theoretical neutrality of the concessions and the use of them as places of political asylum by Chinese officials and revolutionary plotters who are temporarily forced to seek safety out of the reach of their opponents or the Peking



government. When a Chinese official or militarist gets into difficulties, he hastens to the nearest foreign concession. As a precaution against the time when luck may turn against them, many officials and militarists in China have bought homes in foreign concessions, have invested money, and keep their principal bank deposits there, usually in foreign banks. When a cashiered official or a defeated militarist escapes into the International Settlement or the French concession at Shanghai, he is not interfered with by the municipal authorities if he conducts himself inoffensively and does not use the settlements for political intrigue and to organize some attempt to recover power. At times, however, they do that under the nose of the police, and in numerous cases it has been necessary to deport such persons. When that is done the practice is to put them on a foreign ship sailing to some port outside of China. Notwithstanding efforts of the foreign municipalities to avoid being associated with China's internal political and military broils, there is hardly ever a time when they are free of such complications.

The concessions are a convenience to Chinese who make the game of politics, and the "squeeze" which goes with it, their regular occupation. The foreign concessions are distributed over the country, and in time of stress Chinese militarists and political schemers have been able to get to one of them quickly; once under foreign protection, they can travel where they want to go on foreign ships, or remain in comparative safety. That condition makes Shanghai the real political center of China in these times. Hundreds of defeated militarists and cashiered officials are living there, and every important political group and military clique uses the concessions to concoct plans to hold or regain power. At times the municipal council of the International Settlement rather obviously construes its "neutrality" to favor a Chinese



leader or group. Some people think that because the concessions are of this use to Chinese politicians and militarists, they will not want to have them turned back to China, for in that case the refugees would have to get to Japan or Hongkong or Siberia for safety, and it would be much harder to effect a come-back. But the few thousand Chinese who profit by those conditions will not be able to decide the question of rendition, for they will be swept along by popular sentiment. I have talked with intelligent Chinese who believe that to return all the concessions to China would help stabilize the nation and would operate to check intransigence by adding to the risks and dangers of the game.

## VII

A CAUSE OF MUCH irritation between Chinese and foreigners at Shanghai is the institution set up to handle legal contacts of the different nationalities in the International Settlement, spoken of before 1927 as the Mixed Court, and now termed the Provisional Court.

The "mixed courts" (they exist in similar form in all foreign residential concessions in China) grew out of the admission of Chinese to live in the areas set apart for foreigners. They were not contemplated in the original treaties, for those treaties were founded on the theory that the foreigners would be segregated and that in their concessions they would govern themselves by their own laws and customs. In the early days of the settlements the comparatively few Chinese who were employed by foreigners and who therefore lived inside the concessions were amenable solely to Chinese authority and law. If any transgressed, they were turned over to Chinese authorities to be dealt with; and foreigners did not concern themselves further about the matter. As time passed and the concessions began their remarkable growth, and Chinese inside the settlements came to outnumber enormously the



foreign residents, the problem of meting out justice to them intruded. There, as perhaps was inevitable, again collided the oriental and occidental conceptions of justice. And there again was manifested the irresistible urge of the white man to impose his concepts of government wherever he goes.

Exterritoriality is based on recognition that ancient oriental laws and customs are unsuitable for application to westerners, but when the Chinese Imperial government, to relieve itself of the embarrassment of trying to govern the foreign traders and missionaries who pushed themselves into China, consented to permit them to remain under the laws and authority of their own governments, it had no thought of permitting western laws and authority to extend over the Chinese. It seems true also that in the beginning the foreigners and the foreign governments had no idea of doing that.

The thing came about naturally and gradually. Proximity to the Chinese cities soon informed the foreigners of the character and methods of Chinese justice and punishments, and from shuddering at the thought of white people being subjected to such processes, it followed that the foreigners became equally averse to having their Chinese servants, employees, and converts suffer from those practices. No effort, however, was made, except by moral suasion and missionary work, to interfere with processes of Chinese justice outside the concessions. But it was not long before the foreigners felt it intolerable that Chinese who lived in their extraterritorial jurisdiction should be dealt with by Chinese law. There was nothing, or anyhow little, of political calculation in that feeling; it was the logical expression of western humanitarian repugnance at what the West considers cruel and barbaric punishments, and at what we regard as inequity and wrong in the administration of civil law.



There again was found the paradox of Chinese preference for imported customs and ideas coupled with instinctive dislike of the people who brought them to China. The Chinese then were not only willing but anxious to get away when possible from their own laws and courts and to come under the gentler justice of the foreigners. As in India and other oriental countries, natives in China came to have great respect for the "white man's justice." It was not a hardship for them to submit to it; usually it was preferred to that of their own officials. Therefore, when in due course the foreigners set about devising a method of dealing with Chinese living in the concessions, there was no serious opposition from those Chinese. But even at that time the Peking government perceived what was involved in surrendering its nationals in China to foreign jurisdiction, and always obstructed the process.

Prior to the Taiping rebellion (which caused the first great influx of Chinese refugees), the concessions had gone along dealing with their Chinese residents as best they could. H. B. Morse, in Volume II of *The International Relations of the Chinese Empire*, remarked:

The necessary police control was exercised by the Treaty Power consuls, sitting as police magistrates, and there is no record of any Chinese magistrate exercising or being allowed to exercise the judicial function within the limits of the settlements. Civil suits were commonly settled by guild action or friendly arbitration; but when mixed suits came before a court, it was before a consular court. One such case occurred at Hankow as late as May, 1864, where the Oriental Banking Corporation brought suit before the British consul against Yen Choong and Wye Kee for enforcement of a contract: judgment was given for the plaintiff, the Chinese defendant being ordered to pay Tls. 68,232, which was paid. This method was one which could not continue, and yet the nascent republic of Shanghai was reluctant to admit the Chinese mandarin within its limits. The solution was found in the crea-



tion in 1864 of a "Mixed Court" over which was placed a deputy of the Shanghai magistrate.

During the Taiping rebellion the authority of the Peking government was severely shaken, and in the region of the Yiangsi delta it practically ceased for some years. At that time the practice was as described later by Sir Harry Parkes, the British consul at Shanghai, in a despatch to the British minister at Peking:

Prior to the institution of this court [the Mixed Court] in May last, all offenders arrested by the municipal police within the foreign settlements (exclusive of the French quarter), frequently to the number of twenty a day, were brought before H.M.'s consul or the consul general of the United States and committed by them to the chief and nearest Chinese magistrate inside the City. Through the want of witnesses and the difficulty of preparing in Chinese, in such a number of cases, written information sufficient for their prosecution, the proceedings were often of a nominal character, and it was reported that in many cases the offenders were released after a short detention, and returned to the settlements to steal and offend as before.

And in a despatch to his minister at Peking in June, 1866, after the organization of the Mixed Court, the British vice consul at Shanghai remarked:

This system was manifestly unsatisfactory. In the great majority of cases the City magistrate had merely the charge to work on; and unless the prisoner confessed, or could be compelled by cross examination to give evidence against himself, a conviction was practically impossible. A large number of offenders therefore escaped with the discomfort of a few days' incarceration, while every now and then an innocent man was subjected to a more lengthy imprisonment than was justified by necessity, pending examination. As the powers of the municipality increased and the action of the foreign police became more extended, the Chinese police were by degrees



driven out of the settlement and the Chinese supervision over the native population was gradually withdrawn. Thus a large number of cases, which had hitherto been dealt with by the Chinese City authorities directly, came under the notice of foreigners, and were sent in through the consuls to be disposed of as above detailed. A vast amount of injustice unavoidably resulted, as the following very common case will show: A rascally Chinese, having a dispute with another Chinese, would take advantage of his knowledge of English on the interference of the police, and, although in fault himself, give his less educated opponent in charge and get him sent into the City, the plausible story invented by the prosecutor accompanying the prisoner, clothed with the authority of the consul transmitting it, and the unfortunate defendant would, after lingering some days in confinement, be exposed to a rigorous examination on a charge of which he was innocent, as, although no prosecutor appeared, the mandarin, in courtesy to the foreign authorities, felt compelled to investigate the case and if the facts seemed doubtful lean rather against the prisoner. To in some measure remedy this evil, all cases after a time were investigated by the vice consul or interpreter of the British consulate, and such only sent into the City as seemed to be based on some foundation: but this investigation, necessarily superficial, while it protected some innocent persons led to the escape of many who were guilty, and the great objection in European cases remained that the trial took place beyond the presence of the prosecutors and without the attendance of witnesses. Justice was therefore still far from being secured, and with the usual prejudice which exists in the minds of Europeans against the mandarins, the unavoidable escape of criminals was put down to the corruption of the judge rather than to the failure of the prosecution.

In June, 1863, Mr. Seward, then American consul in Shanghai, secured an agreement with the Imperial Intendant, Hwang, with a view to checking the menacing growth of criminality among the Chinese in the concessions and restricting the authority of the mandarins in



municipal affairs of the concessions. Article III of that agreement reads: "The right of jurisdiction of the Chinese authorities over their subjects resident within the Settlement is acknowledged to be indefeasible, but no arrests may be made except on warrants stamped by the municipal authority."

In these quoted despatches and articles, when the word "City" is used it means the old Chinese city, now called Nantai; and to this time old residents of Shanghai and the local press always use the term City in differentiating between foreign and Chinese jurisdictions. For a Chinese to be "sent into the City" means for the foreign police to turn an arrested person over to the Chinese authorities to be dealt with.

As first established, the Mixed Court carefully sought to preserve the theory that although Chinese living inside the foreign concessions might be arrested by the foreign police and tried in a court inside the settlements, they must be tried according to the law and juridical practice of China. But it was intolerable to the foreigners that under their nose and their police control the, to put it euphemistically, dissimilar punishments and proceedings of Chinese justice should be applied without restraint; and therefore it was provided that although the sitting Chinese magistrate was supposed to try to decide cases in the Mixed Court, he was obliged to consult a foreign consular official, called an "assessor," who occupies the bench with the magistrate. In the beginning the foreign assessors were supposed to have a say only in cases in which foreign interests were involved, but after a time the assessors were almost always present to watch proceedings in cases where only Chinese were involved and to "advise" the magistrate against adjudications which would run contrary to the foreign sense of justice and humaneness. By a gradual and steady assertion of that privilege the assessors came



in time to have coördinate authority with the Chinese magistrates in the Mixed Court. Outwardly the theory that Chinese in the concessions remained under the exclusive control and jurisdiction of the Chinese government was observed, but it has long been only a diplomatic fiction not conforming with the facts.

The juridical control of foreigners in the Settlement has been dealt with, but at this point it is necessary to indicate their relation to the Mixed Court. If a Chinese commits an offense against the police regulations in the Settlement, he goes to the Mixed Court for trial. If a foreigner brings a civil suit against a Chinese, the case goes to the Mixed Court. But if a Chinese brings a civil suit against a foreigner, the case goes to the foreigner's court, or in the absence of a regular court of that nation there, to the consular jurisdiction of the foreigner. For example, if an American sues a Chinese, the case goes to the Mixed Court; but if a Chinese sues an American, the case goes to the United States Court for China.

In a sense the little republic of the International Settlement of Shanghai has been built on the difficulties which it had to surmount. Whenever it was faced with a situation or with menacing conditions that demanded immediate remedy, a practical way of handling them was devised. That is an expression, on the edge of the yellow man's Asia, of the white man's respect and love for order and justice and his genius for organization and government.

Although the process of bringing the Mixed Court more and more within actual foreign control went on for many years, it was not until the revolution in 1911 that it was taken over completely by the foreigners. In that year the Manchu government collapsed, and for a period there was no recognized Chinese authority in the vicinity of Shanghai. It became necessary to carry on the Mixed



Court independently of China, and that was done. The foreign assessors assumed the position of superior magistrates of the court, and the Chinese magistrate, while retaining his nominal place, was actually subordinated. The status then created continued in effect until 1927.

Here one should mention again the transition of Chinese psychology regarding the extritorial position of foreigners in China. At first the Chinese did not object to being under the police regulation of foreigners, and after they learned its character they came to prefer the "white man's justice" to that of their own government. That still is true broadly. But as Chinese observed and studied western jurisprudence and learned its advantages over their own system in modern times, they have also come to resent its *application to them by foreigners*. Again it is the conflict of Chinese appreciation of western civilization and material progress with the nationalistic aspirations of the New China. New China intends to adopt or adapt, as Japan did, what it wants from the West; but it will not have western institutions and rule forced on any part of China. Therefore for years there was an insistent demand to have the Mixed Court restored to what originally was granted and intended by the Chinese government. The question was stated by the Chinese delegation at the Paris conference in 1919, viz.:

The concessions are busy commercial centers in China which have played an important part in the development of her foreign trade and which have contributed in no small measure to the prosperity of the Chinese people. But they have at the same time brought into existence certain practices and claims on the part of the foreign authorities of the concessions for power and jurisdiction which at once have impaired the sovereignty of China and hampered her work of administration. For one thing, China has been denied her right of plenary jurisdiction over her own citizens residing within the con-



cessions. For example, Chinese residents therein cannot be arrested by Chinese authorities except with the approval of the consul of the state in whose favor the concession has been granted, or, if in the International Settlement at Shanghai, of the senior consul; and if the particular Chinese is in some way connected with a foreign firm or family, then the consent of the consul of the State to which such firm or family belongs must also be obtained. If in the International Settlement at Shanghai a Chinese commits a crime against another Chinese, or is sued by another Chinese, he, even though the case involves no foreigners or foreign interests, must be tried by a Mixed Court, wherein a foreign assessor not only watches the proceedings but virtually tries and decides the case. If Chinese fugitives from justice take shelter in the concession they cannot be reached by the Chinese authorities, except when the warrants are approved by the foreign authorities of the concessions.

China's appeal was ignored at Paris, but later at Washington the powers recognized the principle that the entire extraterritorial status is inconsistent with China's sovereignty and is transitory, and agreed to take steps to abolish it. More than three years passed after the Washington conference before anything was done, and then the report of the Extraterritorial Commission disappointed the Chinese by finding against immediate change. It is impossible to refute the legal correctness of China's claims. In regard to the humanities and equities involved, there is room for different viewpoints, and whether more merit resides in the foreign or in the Chinese position depends on which side of the picture one is looking at.

When it became known at Shanghai, in 1926, that an agreement for rendition of the Mixed Court had been signed by the Diplomatic Body and the Peking government, those foreigners who were particularly affected by the change protested. Before 1911 foreign lawyers could appear in the Mixed Court only on behalf of foreign liti-



gants. After 1911 foreign lawyers began to appear in the Court in exclusively Chinese cases, which opened for the foreign lawyers a new and lucrative practice. Foreign lawyers at Shanghai multiplied, and in late years a majority of them depended on the Mixed Court for a livelihood. Their interest is evident, and after some meetings an argument against rendition, on terms of the new agreement, was published. It was alleged that under the original status the court was corrupt, its functionaries were venal, and that many grave abuses existed. Instances were cited. One instance was that when the revolution occurred the Chinese magistrate of the court absconded with its funds; this, I believe, is true. By a coincidence the newspapers which printed that protest published at the same time news that the clerk of the United States Court for China, an American, who was custodian of its funds, had absconded.

The younger generation of foreign-educated Chinese lawyers had fretted at seeing foreign lawyers get the cream of Mixed Court practice. The Chinese Bar Association therefore resented aspersions on Chinese juridical practice as an insult to China and said that foreign lawyers who uttered them ought to be deported. Under the new agreement, which changed the name of the court to Provisional Court, Chinese magistrates have sole authority in purely Chinese cases, and superior authority in cases between Chinese and foreigners; but when only foreigners are involved, a foreign magistrate is allowed to sit, with coördinate functions. The Chinese judges who were appointed obtained their legal education abroad and are versed in both foreign and Chinese law. Nevertheless, foreign standpat elements immediately made an outcry against the Provisional Court, and local foreign newspapers were meticulous in searching out and publishing its alleged mistakes, holding the court up to ridicule.



Which probably caused the court, when a foreign newspaper brought suit against a Chinese, to refuse to put the case on the calendar until the newspaper purged itself of contempt; and the judge further declared that while the newspaper and its officials, as a foreign property and individuals and therefore having extraterritorial status, could not be haled and punished for contempt, its Chinese employees were subject to the court's processes and were liable for the newspaper's statements.

It is interesting, in passing, to inquire why it is that foreign lawyers, since 1911, have been able to get the cream of Chinese litigation in the Mixed Court. Various explanations are given, but I think the principal reason is traditional Chinese notions of the administration of justice. It is a popular presumption with the Chinese that justice is to be bought in most cases. Bribery of magistrates and court functionaries was the rule rather than the exception in China, if one believes report and evidences. "Justice" in China goes largely by official favor or order. If a magistrate could not be influenced directly, he might be if a litigant were able to reach a mandarin "higher up." When foreigners took virtual control of the Mixed Court at Shanghai the Chinese reasoned, apparently, that consular assessors needed to be "influenced," and the better way to do that was to employ foreign lawyers. Chinese litigants believe, or they used to believe, that foreign lawyers are less apt to take bribes from the other side than Chinese lawyers are. There was the further idea that by employing foreign lawyers a degree of foreign consular interest was assured. And that has been true with some consular authorities. It appears, then, that foreign lawyers in China profited by the conditions and propensities which they cited as reasons why Chinese authority should not be restored in the Mixed Court.



## VIII

A PERSONAL CONTACT with China of more than twenty-five years has left me, I find, surprisingly ignorant about Chinese law and administration of justice. I think this is due to several things. One is the astonishing lack of good textbooks on the subject; another is that foreigners actually see so little of the operation of Chinese law and administration. If one goes to the bottom of the opinions so freely expressed by foreigners in China about Chinese justice it will be found in ninety-nine cases out of a hundred that they are based on hearsay only, and with foreigners living in China hearsay regarding things Chinese is almost always exaggerated and is more apt to be derived from rumors and worn-out ideas than from investigation.

But from time to time, one way and another, I have seen and learned (that is, heard) a good deal about this subject. I have talked of it with some really learned Chinese, such as Dr. Wang Chung-hui, former chief justice of China, now a justice of the World Court at The Hague, a member of the Chinese delegation at the Washington conference, and China's chief representative on the Extraterritoriality Commission. Dr. Wang was educated abroad and completely comprehends the western theory and practice of jurisprudence. For many years he has been occupied, with others, in the codification of Chinese law, preparatory to abolition of extraterritoriality.

From that class of Chinese (of whom there are more in China than is generally supposed), from occasional observation of Chinese courts in session, and also from observation of Chinese punishments in process of execution, I have imbibed what are, I admit, some rather vague conceptions of Chinese juridical practice. But one cannot escape certain fairly definite impressions. Once, I recall,



when I was commenting, after having witnessed a sanguinary execution of a number of bandits in Manchuria, on what to westerners seems an unnecessary cruelty in Chinese punishments, the Chinese magistrate with whom I was talking (himself graduated from a law school in America) remarked: "It depends on the point of view. You remember the Gilbertian lines in *The Mikado*—'Our object all sublime is to make the punishment fit the crime.' Punishments in all countries and in all civilizations are intended to repress and restrain crime and acts which are contrary to the public good. What will deter people raised in certain beliefs and living in certain conditions will not at all suffice to restrain people of different standards and ideas of life. Punishments were not invented by sovereigns and governments out of a clear sky; they grew up as they were needed, and in all governments they must be changed frequently to readjust them to changes in popular psychology and living conditions. When you find severe punishments existing in China you may be sure that they exist because evolution has proved that lesser punishments were insufficient to maintain public order. Furthermore I assure you that it would not be possible to apply any punishments in China that went contrary to popular opinion. It will be possible to alter our laws only as the ideas of our people change. That was true in western countries also."

Another Chinese said to me: "It is necessary to understand one thing about our laws. They are designed primarily not so much for application by the government to the people as for the protection of the people against maladministration of the government. Our laws as they are applied to people in ordinary affairs rest actually on ancient custom; that is, the common law. At bottom our government is patriarchal. Even today in the smaller towns and villages disputes and punishments are largely



determined by the village elders and headmen, who in turn cannot go against local opinion. Then you should remember the invisible thing which in all countries moves at the background of administration, the system of checks and balances by which what seems to be, and often actually is, miscarriage of justice, is equitized. Real and lasting injustice is no more common in China than in America."

One perceives the sense of those explanations and the broad soundness of the philosophy contained therein. And it is not so much the nature of punishments, after all, as it is the alleged venality of Chinese magistrates, that westerners view askance and are unwilling to submit themselves to; for informed foreigners in China do not believe that if extritoriality is ended, the Chinese courts will apply cruel and unusual punishments to them. There are more white people living in China now without extritorial rights than those who have that status.

The Chinese who lead the nationalist movement are committed to a revision of the laws of China to conform with western standards, and the latest information I have is that codification is about 90 per cent. completed; they have been working on it for over ten years. This is not a pretended desire for reform. I believe it is genuine and based not on what foreigners may want China to do but on what advanced Chinese thinkers believe is necessary to do to save their nation.

In causing this shift of thought among the Chinese about the jurisprudence of their government, the foreign concessions of Shanghai have without doubt been a powerful contributing force. It is not so much what Chinese who were educated in America and Europe learned there and have tried to impress on their countrymen when they came home as it is the visible example of the "white man's justice" given by foreign administration there. The



ignorant classes of Chinese are not much impressed by ideas which the educated class imbibe abroad, but they are impressed and strongly influenced by what they see and experience. I never have met a Chinese who, if he spoke frankly, did not prefer to take a chance in a foreign court rather than in a native court.

That is not to say that Chinese regard the Shanghai Mixed Court and other foreign courts in the concessions as being free of corruption. As to that, the age-long ideas of those people persist, and it is very likely that to this day a large majority of Chinese who live at the port of Shanghai and in the concessions are convinced at bottom that "squeeze" is rampant in the mixed courts, and that the foreign judges and lawyers are open to financial inducements. In regard to some foreign lawyers that suspicion is well enough founded, and there are occasional cases in which consular courts do some queer things. But I have never known of any just suspicion being attached to any of the superior foreign courts there.

One must remember that although the courts in Shanghai and all the concessions are broadly foreign in character, and probably they all do their best to conduct themselves as if at home, that is impossible to accomplish entirely, for, after all, Shanghai remains China, and the foreign courts have not been able to shake off conditions that inhere in Chinese juridical practices, in Chinese popular notions, and in the practical requirements of the situation. A great majority of persons appearing in the mixed courts are Chinese who cannot speak or understand any language except their own; often they cannot understand any language except their provincial dialect. That requires the constant use of Chinese interpreters in the courts. Foreign law firms have to employ Chinese interpreters. Usually the interpreters prepare cases and often they obtain the clients. Instances are known when,



because of competition between interpreters of foreign law firms to get cases (interpreters sometimes work on commission), they will promise, or guarantee, clients special protection and a sure outcome of their case, and will exact "squeeze" from clients on pretense that the money is to bribe the judge.

Let us take an imaginary case. An interpreter of a foreign law firm brings a Chinese client to the office. The interpreter informs members of the firm about the case, which information he has obtained, presumably, from the client and other sources. The client is called in and questioned by a foreign lawyer. Since the talk can be carried on only through the interpreter, the foreign lawyer has no way of knowing what the client actually says or what kind of deal has been made on the side between the client and the interpreter. It happens, therefore, that foreign lawyers innocently enough go into court thinking their clients have a good case, only to discover there that the evidence has been "cooked" by collusion of the client with the interpreter, and the foreign lawyer has either to brazen it out or withdraw in mortification. What can be done to prevent that kind of thing, is done. The foreign assessors who sit in mixed courts must speak and understand Chinese; the foreign police of the concessions must study Chinese. But in the background are the (to foreigners) almost unfathomable labyrinths of oriental thought and practice.

In that part of the port of Shanghai that is under Chinese jurisdiction it has long been the custom of Chinese magistrates to coöperate with the concessions authorities in maintaining public order. The system of mutual courtesy applies. If a criminal escapes from Chinese jurisdiction into the concessions, the Chinese magistrate will send a Chinese policeman into the concessions with a warrant. That warrant must then be visaed by the senior consul,



after which the concessions police will try to find the culprit, will arrest him if found, and turn him over to the Chinese police. Controversies often occur, especially if it is suspected that the alleged culprit is wanted for political reasons, or because of some exaction contemplated by Chinese officials. The principle of neutrality of the concessions and of the right of political asylum there is in endless conflict with the constant effort of China to retain control over her citizens and to reach political agitators against the government.

## IX

LIKE OTHER ANOMALIES of relations of foreigners in China with the Chinese, police methods of the International Settlement at Shanghai are an inheritance from British rule in India. They also have a connection with Chinese official usage and custom.

Police administration of the Settlement is based on a nucleus of foreigners: a foreign chief of police, inspectors, captains, sergeants, patrolmen, and detectives—all the “key” positions. Then there are a body of Indian police, mostly Sikhs, who were formerly men of good record in the British Indian army. There is a body of Chinese police. The personnel in 1925 was 310 white foreigners, 805 Sikhs, and 1680 Chinese. All important positions are held by British, although there is a sprinkling of other nationalities, including nowadays “white” Russians, who are useful in keeping the large Russian element in order and in watching the Bolsheviks. There are some Japanese detectives and patrolmen, as there is a large Japanese community.

I think there are two or three Americans on the police, but I am not sure. This is pertinent to some aspects of the Chinese anti-foreign psychosis. One often hears complaints that Americans are excluded from the police at



Shanghai. Few Americans of suitable training and character want subordinate positions, because the pay and opportunity are not good enough. The superior police positions are highly paid, but an American, or any one except a Britisher, has little chance to get one of them. In one sense that is rather fortunate in its effects on American national policy and position in China.

In addition to Sikhs on the regular police force, hundreds of Sikhs are employed as licensed watchmen. In 1925 some 330 Sikh watchmen were under direct police supervision. Many more were privately employed. From investigations of capable men and from my own observation and experience during many years, I do not consider Sikhs more efficient and dependable as police and watchmen than Chinese. Their introduction in the beginning, and their continued employment for those purposes in China, can be traced to the old idea, which imbues all oriental governments and which is so useful to foreign governments over oriental countries, of setting strange and hostile factions of the people to watch each other. The Sikhs, with their superior height and physique (only tall men are selected), their imposing turbans and distinctive uniforms, their bearded faces and stern demeanor, their seldom absent rifles and swords, without doubt formerly did and probably do still intimidate Chinese more than native policeman can. To that can be added, after many years, the hatred caused by harsh treatment of Chinese by Sikh policemen. (In the French concession the place of Sikhs is taken by Annamites, with very similar results.) The police theory is that Sikhs and Annamites, first, because of their being aliens, and, second, because of bitter animosity roused by their contacts with Chinese, become a segregated body of men who are unable to mingle agreeably with the natives and are thrown back on the white foreigners for livelihood and support, and therefore can



be depended on to do the rough work of keeping a rebellious population in order. (That thesis is losing force from steady permeation of the Pan-Asiatic concept.) That idea is by no means strange to China, for under the Manchu régime it was a cardinal policy not to appoint mandarins to office in their native provinces. It is interesting, however, that since the revolution the provinces are more and more objecting to having officials from other parts of China set over them.

In the report of Justice Finley Johnson, of the Philippines Supreme Court, the American member of the Judicial Commission who investigated the Shanghai shooting incident of May 30, 1925, we find among his conclusions: "Eighth. That a certain class of foreign policemen did not exercise in handling the crowds upon the street and in arresting individuals a sufficient humaneness."

That touches a sore spot in the governance of the concessions. The Chinese insist now that in any reorganization of government the Sikh police shall be dispensed with and the authority of white foreigners divided with Chinese. Standpat foreign elements object to that proposal. But discerning foreigners begin to see that whatever added security was formerly gained by using Sikhs and Annamites has been so qualified by changed conditions that it may be a disadvantage to continue to use them. It may be that provocative results with Chinese will arouse more hostility toward foreigners and incite more agitation and turbulence against them than the police value of Sikhs in comparison with Chinese can offset. There is a shift of psychology all around.

Since the principal British press organ at Shanghai has editorially advocated the admission of Chinese to membership in foreign clubs there, it may be permissible to mention matters which were formerly encased by local inhibitions. On two occasions while I was living in the



American Club, two Chinese gentlemen called on me there. Both of them have held high offices in their own government at home and abroad, and both were educated in American universities. A Sikh watchman at the front door of the club refused to permit them to enter and directed them to go around to the rear entrance. Naturally the visitors left. The watchman obeyed his understanding of instructions. He had been told that Chinese were not to be admitted at the front door of the club. The rule was meant to apply to tradesmen and servants. The Sikh watchman took it literally, and brusquely checked the Chinese visitors when they tried to enter. When the incident was called to the attention of the committee, the instructions were modified. The slight was not intended by the club. However, it happened a second time. It is hard to get some things into the minds of those Sikhs. To them all the Chinese are alike. And why should there be Sikh watchmen at the American Club in Shanghai? By day they are merely uniformed doorkeepers, and by night they are supposed to stay awake and watch for intruders, for the club is open all night, and for fire. Chinese can do that work equally well—even better, for they are as reliable as watchmen, and as door attendants they have the advantage of speaking the language of the country.

There is the matter of excluding Chinese from public parks and recreation grounds in the Settlement. In former times, those places were spots where the comparatively few foreign residents could get a little sunshine and air. To admit Chinese would overcrowd them. Foreigners used the parks then. I walk through the Public Garden often now, and, except for an occasional passer-by, foreigners of the loafer class, mostly indigent Russians, Japanese, and East Indians, occupy the place. It is a resort for foreign prostitutes of the lower kind. The Garden no longer has for the foreign community its old uses and



values. It is not true, however, that there is a sign at entrances to the Public Garden and other parks, "Chinese and dogs not admitted."

## x

PROBABLY IT IS difficult to convince Americans that they may be more seriously affected by issues of municipal government at Shanghai than by questions of municipal government in their home town. I do not mean that residents of, let us say, Chicago, are as interested in police regulations and efficiency or in street improvements there as they are in those matters at home. But the United States is not likely to get into a foreign war because of municipal affairs at Chicago. The United States could easily get into a foreign war because of its relation with municipal affairs at Shanghai. For the American government is a part of the government of that city in China.

The American government becomes a part of administration in the International Settlement at Shanghai by the following ratiocination: The direct governing body is a municipal council which is elected annually by "rate-payers." Beyond the council and a little higher up is the Consular Body, composed of consuls of foreign nations having treaties with China. Beyond the Consular Body and still higher up is the Diplomatic Corps at Peking, composed of ambassadors and ministers of the treaty powers. Above them are the foreign offices of the home governments. And beyond the governments are the citizens of those nations, whence they derive their authority and powers.

To reverse the sequence and confine its application to the United States, we have: The people elect the government; the President appoints and the Senate confirms the Secretary of State; the President appoints and the Senate confirms our ministers and consular officials in China; our



minister at Peking ranks our consul at Shanghai; our consul ranks the chairman of the municipal council, who happens now to be an American.

Multiply that by the number of nations having consuls at Shanghai (about twenty), and you have an outline of the government of the International Settlement. It does not function harmoniously. That would be impossible. The council often disagrees with the Consular Body, or with members of it. At times the consul of a nation disagrees with his minister at Peking, or the minister may disagree with the home government. A minister can overrule a consul, but he cannot remove one. The home governments of course can remove ministers and consuls at any time. With the United States, that puts final authority in the State Department, subject to the President and to the supervision of foreign relations by the Senate.

At times the municipal council ignores or evades attempts of the Consular Body to "boss" them; the council has disregarded orders of the Diplomatic Corps. But for one thing the council would perhaps cast off altogether the control of the Consular and Diplomatic Bodies, which, in a sense, would be casting off the authority of the home governments. That restraining influence is the inability of the concessions to defend themselves against a serious attack. In serious emergencies, which in these times occur with increasing frequency, it is necessary to call on the home governments for help. If that help were not forthcoming, the concessions would be in danger at times. If the Chinese knew that that help would not be forthcoming, they would soon take over government of the concessions. So while, at times, the council takes an independent pose, it is not independent. The home governments have the whip hand.

During the years 1924 to 1927 the International Settlement, and because of its proximity the French concession



also, was in a "state of emergency," which is a local euphemism for what is tantamount to martial law, several times. It is customary to date the anti-foreign phase of the revolution from May 30, 1925. On that day (the occasion being a straggling procession termed usually a "demonstration," composed of two or three hundred Chinese students), disorders took place in Nanking Road, Shanghai, that culminated in police of the International Settlement firing into the crowd and killing and wounding a number of Chinese. For one month thereafter Chinese shops and banks in the Settlement remained closed. Chinese laborers quit work, almost tying up the port and causing all important industries to suspend. Chinese employees of municipal services went on strike, and for a while those functions were carried on by foreign volunteers. Many domestic servants left their employment, and foreigners had to shift for themselves. In some foreign clubs the members had to act as waiters and bartenders.

On those emergency occasions, which have lasted for months at a time, the police reserves and volunteer military corps are mobilized. Ordinarily those men are engaged in business and professional occupations. Instead of attending to business they must don uniforms and do police and military duty. In late years the reserves have been called out every few weeks. They will have to respond again and again while the Chinese are hostile to the status of the concessions.

## XI

WHETHER SHANGHAI will continue indefinitely to be an international danger-spot is a question not likely ever to be solved by local foreign authority or by the Diplomatic Body at Peking. A solution depends on action outside of China, on decisions of the major Pacific Ocean powers, or, if diplomatic sensibilities are regarded, of the American, Japanese, British, French, and Italian governments. The



situation provides an exceptional opportunity for remedial and constructive action by the powers.

At the annual rate-payers' meeting of the Shanghai International Settlement held in April, 1926, a resolution to admit Chinese to the municipal council was adopted without dissent. That resolution stated: "In the opinion of this meeting the participation of Chinese residents in the government of this Settlement is desirable; and the council is hereby authorized and instructed to make forthwith representation to the powers concerned with a view to securing the addition of three Chinese members at an early date."

One year later, at the next annual rate-payers' meeting in April, 1927, that resolution was mentioned only by implication, and another conciliatory resolution of lesser consequence, to admit Chinese to public parks and open places of the municipality, was rejected. Speaking on an amendment to that resolution (to adopt it, but to postpone its enforcement), one rate-payer said: "I look on this amendment as a resolution of surrender and fear. At the present time we should face the Chinese with no compromise."

In 1926 the attitude of local foreign government toward foreign and Chinese relationships in the Settlement was one of compromise. In 1927 it was one of no compromise. No compromise is deadlock. What I wrote in 1926 immediately after the rate-payers' meeting of that year is pertinent:

"It is a departure, and a significant one, when the traditions of foreign position here are breached by inviting Chinese into the council. The action logically concedes two things: that Chinese have a right to take part in government of foreign concessions in China, and that they are competent to do so. For however that right and that competence may be denied by a strong foreign ele-



ment here, any other implication about reasons for this action of the rate-payers is even more embarrassing to standpat foreign status.

“To one who is familiar by close contact with the background of this action, with immediate precedents for it and the probable motives underlying it, the outcome is dubious. I cannot accept the conventional public attitude of foreigners and the foreign press here which can be summarized thus: ‘Well, that ought to satisfy the Chinese. If they won’t accept this generous proposal, then they will be responsible for whatever happens.’ One knows that this proposal of the foreign rate-payers is not generous but was made because of fear of serious consequences otherwise. The average foreign rate-payer in Shanghai now believes no more than he did ten years ago that the Chinese have a right to participate in government of this Settlement or that they are competent to do so. That resolution was proposed and adopted as a gesture having two principal objects. One object is to placate the Chinese temporarily and avert a repetition of strikes, boycotts, and other modern forms of anti-foreignism. Another object is to create an impression in home countries that the municipal authorities here are doing all in their power to conciliate the Chinese, so that if trouble comes the powers will back them up. In short, the resolution inviting Chinese to elect three additional members to the council, making then a body of nine foreigners and three Chinese, is a play to the international gallery. Locally and throughout China it can scarcely have a conciliatory effect; indeed, the reactions among Chinese may be decidedly adverse.

“Adoption of the resolution was ‘cut and dried.’ It was known beforehand that it would be passed. It was known also that the Chinese would not accept the proffered representation. This was common knowledge for



some time previous to the meeting. The day before the meeting and that morning, the Chinese General Chambers of Commerce, representing Chinese opinion, published full-page advertisements in foreign and vernacular newspapers stating that anything less than full racial equality in the Settlement, and representation on the council proportionate to taxes paid by Chinese and foreigners, would not be accepted by Chinese.

“In pronouncements relating to this issue the humbug was not altogether on the part of the foreigners. The foreigners were offering less than they would give if forced into a corner. The Chinese are demanding more than they would accept at a real showdown. Leading Chinese have told me that they will be satisfied, for the while, with equal representation. On the basis of the Chambers’ published manifesto, the Chinese would have probably a five-to-one majority in the council.

“In this connection it is interesting to reconsider briefly how the Settlement has been governed in the past and how it is governed now. After administration was taken over from the British, American, and French consuls by a municipal council acting under ‘Land Regulations’ (tantamount to a municipal charter) framed by ministers at Peking, it fell naturally under the domination of the ‘taipan’ system. A taipan is head manager of a foreign ‘hong,’ or business firm. Separated by long distances from the home offices, taipans in China of the great mercantile houses, banks, and shipping companies, wielded extraordinary influence and authority. They exercised a degree of control over their subordinates and employees that is unusual in western countries. As a rule they are able men, having to make and accustomed to make important decisions. As a rule, also, a taipan has risen from a place as junior clerk through all the grades to that of head manager. When it came to organizing a gov-



ernment for these concessions, the local taipans of that time assumed the lead, took places on the council, and directed the administration. The system had advantages, and so it carried on with only occasional attempts at revolt by elements that resented having the Settlement controlled by a taipan oligarchy.

“The International Settlement at Shanghai is today as much controlled by the taipan oligarchy as it was forty years ago. That statement will probably be contradicted, but it is true essentially. An analysis of candidates presented at the last election of the council shows plainly that, with one possible exception, all of them were nominees of the taipans. Within the oligarchy in later years are a number of powerful local institutions, having extensive real property and other investments and in consequence affected by municipal policy, and developments like road extensions and transit facilities. I do not want to imply a dishonest use of the oligarchy's power. But it is notorious that a good deal in this Settlement goes by its favor, and it is difficult to accomplish much here against its opposition. As the personnel and character of foreign population in Shanghai has changed and as business conditions also change, there is a growing restlessness of some elements under the rule of the taipan oligarchy, but no real effort to overthrow it has developed. It is strongly entrenched. Therefore in Shanghai we know that when a resolution recommending that three Chinese be admitted to the council is proposed and adopted at the annual rate-payers' meeting, it was because the oligarchy willed that action.

“Chinese know that also. They know further (what may be overlooked in home countries) that such a resolution of the rate-payers cannot become operative until the Diplomatic Body at Peking, acting under authority of the home governments and in consultation with the Wai Chiao-pu,



revises the Land Regulations to meet the occasion. That resolution in fact does not give the Chinese representation on the council; it merely discloses the momentary opinion of rate-payers here. So if dilatory tactics among diplomats at Peking, or in the foreign offices, hold up revision of the Land Regulations for a year or two or indefinitely, that resolution will mean very little. It might be an empty gesture. Chinese so regard it, I believe."

The resolution passed in 1926 was duly forwarded to Peking, where it was pigeonholed. Nothing came of it, which is probably what was intended and expected by the government of the Settlement. When so many powers have a technical treaty interest in a matter, it is hard to discover and trace obstructive tactics. Revision of the Shanghai Land Regulations slumbers in the Legation Quarter. The last revision was made in 1881, and the Diplomatic Body at Peking did not approve it until 1898. I perceive a connection of that pocketing of reform of the Shanghai Land Regulations with measures taken by Chinese nationalists since then to recover foreign residential areas elsewhere in China. Chinese think it futile to go on trying to accomplish those reforms by customary diplomatic procedure. A younger Chinese nationalist put it this way: "The powers will never pay attention to our claims until we begin to raise hell."

Whatever is done by way of administrative reform in the International Settlement will be done sooner or later regarding the French concession, even if a uniform or combined status should not be created concurrently. In the International Settlement there is, on the Chinese side, an absolute rendition party who demand that foreign authority there be abolished unconditionally. (That party is not so vociferous since the fiasco of Chinese administration at Hankow.) Then there is a party who advocate Chinese membership on the municipal council in proportion to



taxes paid by foreigners and Chinese. There is a party who ask for equal representation. And there is a conservative class who would be content if Chinese got three seats on the council to the foreigners' six. There is no Chinese element who are satisfied to have things remain as they are.

On the side of the foreigners there are a standpat element who oppose giving Chinese any part in government of the Settlement. A minority of foreigners favor giving Chinese equal representation under limitations and safeguards. Very few foreigners are in favor of absolute rendition, although many believe that must be the final outcome.

An effort was made a few years ago to compromise with the Chinese on this issue by creating what was called an advisory council. That advisory council was composed of Chinese selected by a Chinese rate-payers' association. Although Chinese accepted that plan then to the extent of appointing members, the advisory council's connection with administration of the Settlement was perfunctory, and in a short time intelligent Chinese realized that they were in a position which seemed to give them representation in government of the Settlement without giving them any power. Immediately after the shooting incident of May 30, 1925, the Chinese advisory council resigned in a body.

To give the Chinese representation on the council in proportion, as between Chinese and foreigners, to the municipal taxes paid by Chinese and foreigners, would amount in effect to giving the Chinese control of government in the Settlement. A proposal advocated by some Chinese is that Chinese and foreigners should vote for all candidates. That would be equivalent to giving the Chinese control, for Chinese rate-payers far outnumber the foreigners, and by concentrating their votes they could



elect an exclusively Chinese council, or, if the treaty required the election of some foreigners, they might elect a certain type of foreigners by Chinese votes. Objectors to that plan point out the possibility that with an overwhelming majority of Chinese voters and a right of Chinese to vote for foreign candidates, the administration of the Settlement would quickly descend to the lowest level of "graft" politics in western cities.

There are recognizable difficulties about a mixed foreign and Chinese government. Harbin is an example. Under the last treaty between China and Soviet Russia, the former Russian concession there is to be governed by a joint Chinese and foreign municipal council. Little by little the Chinese are usurping power. Controversies occur frequently. One is about language. Chinese insist that proceedings of the council shall be in the Chinese language exclusively. Few foreigners speak Chinese; so to them the demand seems unreasonable. On the other hand Chinese say that most of them do not speak any foreign language, and it is ridiculous for the public affairs of a China city to be conducted in foreign languages. In the French concession at Shanghai, official proceedings are in French, and there are Chinese and non-French foreign members on its council. English is the official language of the International Settlement.

International sentimentalism has no place in my observations and conclusions about Shanghai. Nor do I favor giving the Chinese place and power in government of the foreign concessions from any undue confidence in their administrative capacity. The existing administration of those concessions has anomalies, incongruities, abuses, and some notorious corruptions; but the worst foreign administration is likely to be better than the best Chinese administration could be now.

Reform of administration there, like the entire question



of treaty revision with China, is a matter of political expediency. It is a choice between disagreeable alternatives. My prejudice is for the foreigners. But my political judgment is that in the long run the position of foreigners in China, and the relations of foreign nations with that country, will be improved by timely concessions to the new Chinese nationalism. One sees that in many instances the results of Chinese administration of modern public institutions and facilities are disappointing and that foreigners suffer along with Chinese, but in lesser degree, from those failures. I do not conclude from some immediate results of Chinese municipal administration at Hankow and elsewhere that the broad course of events will change. Those results are due to conditions attending one phase of the revolution; they are not characteristically Chinese. Chinese of the stable classes deplore them as much as foreigners do. If taken rightly, the communist episodes in municipal government can be made to react favorably in obtaining a satisfactory compromise at Shanghai.

The presence of foreign troops and naval forces which arrived in the spring of 1927 was chiefly responsible for the change of the local foreign attitude at Shanghai toward municipal reform. When thrown on its own defensive resources, the oligarchy was willing to talk compromise. When defended by foreign forces at the expense of home governments and tax-payers, compromise fell into the background.

The treaties that created the concessions assumed Chinese participation in their government. In 1864 the Diplomatic Body at Peking declared a policy regarding them in five articles, and Article V stated: "There shall be a Chinese element in the municipal system to whom reference shall be made, and assent obtained to any measure affecting Chinese residents." Demands of Chinese for participation in government of the settlements revert to that



provision and rest on other grounds as well. After the incident of May 30, 1925, responsible Chinese organizations asked that: "The Chinese may participate in the municipal council and rate-payers' meetings. The rate-payers' representation in the council shall be in proportion to the amount of rates payable and paid to the municipal revenues, and the qualifications for franchise of the Chinese shall be similar to those of foreigners."

Dr. Manley O. Hudson, professor of international law at Harvard University and associated with the League of Nations, visited Shanghai in 1927 and spent a month studying conditions there. On departing he said: "Much stress is now laid on the international character of the Settlement. But my study of the situation has led me to think that its control is more international in name than in fact. The Consular Body has not enough authority to be called the real governing power. And it seems to me inevitable that the present degree of irresponsibility in the local government should not be permitted to continue indefinitely. It is responsible neither to the residents of Shanghai nor to the governments of the powers." Dr. Hudson's observations are just, and they confirm my own during many years' contact with conditions there. Actual government of the Settlement is vested in an oligarchy which is predominantly British. It decides the by-laws (municipal ordinances) and police regulations, usually without reference to any superior authority, and appeal from its decisions and acts is so difficult that it is seldom attempted and then never gets beyond Peking. I know of no case that has been appealed to home governments or courts in order to obtain a decision as to legality of by-laws and regulations which are enforced.

After agreements for rendition of British concessions at Hankow and Kiukiang were signed, the Chinese at Shanghai nominated a committee to negotiate with the munic-



ipal council for their participation in the administration of the Settlement, but by then troops had been ordered to China, and the council felt it safe to ignore that overture. There was no election for councillors in 1927. It was privately arranged that only nine gentlemen should be nominated, and therefore they were declared elected without balloting. It is of interest to know who decides whether there will be an election, and who will be candidates, and what resolutions will be proposed for vote of rate-payers on the annual occasion when they have a voice in municipal government. Those matters are decided by a group of persons representing business and vested interests that includes perhaps not more than a score of men. While all members of the council do not belong to the inner circle of the oligarchy, only persons who are acceptable to the inner circle, except at rare intervals, can be elected to the council.

## XII

WITH THE ANNOUNCEMENT, in January, 1927, that British troops would be sent to Shanghai, new elements entered the situation there. Two motives became active, one the anxiety of standpatters to show the urgent need for the troops and to prevent a countermand, and another the necessity for the British government's justifying its action in sending them.

People at Shanghai soon felt reactions of a propaganda in Europe and America making it appear that foreigners in the concessions were in extreme danger. Many private telegrams were received from relatives and from home business offices asking if people were safe. At that time Shanghai was quiet. There were minor labor troubles and the usual amount of criminal activities. Later investigation showed that many of the alarming reports originated in government departments at London and Washington. It was natural that governments embarking on, or being



pulled into, action that looked to Chinese like shaking the mailed fist, would want to give plausibility to that policy.

A little later came the American government's proposal to "neutralize" the foreign settlements at Shanghai. That was astonishing. It was not necessary to neutralize those settlements. They were already neutral in respect to Chinese civil disturbances and international broils. There has been no serious attempt to violate their neutrality since the Taiping rebellion. The proposal would inevitably be construed suspiciously. (It had, by the way, some Chinese supporters who would be glad to disavow it now.)

Several times in the years 1924 to 1927, there were overturns of Chinese authority in that region, and on each of those occasions the concessions were involved because of their position near the center of the thickly populated port and its environs, with an adjacent Chinese arsenal and naval base. Troops of a defeated faction would at times be driven back on the concessions. They would be stopped at the boundaries, disarmed, and interned. At times rifle and artillery fire would fall in the concessions. Foreign volunteer forces and special police, aided by landing parties from naval vessels, would man the boundaries. It was uncomfortable. Military experts have pointed out that it is impossible to protect the concessions from that kind of disturbance by confining defensive measures to the limits of the concessions. To make them secure and untroubled it is necessary to extend the lines some distance outside them into Chinese territory, to take in outlying railways, the arsenal, and the docks. Such a defensive plan was prepared in 1925 and referred to the Diplomatic Body at Peking. To put that plan into effect has long been an object of the municipal council of the International Settlement, but that would require, besides diplomatic assent, a force to man the extended lines. Local forces are insufficient. The arrival of British troops



and extra foreign naval forces would provide the men needed for the project. It was certain that all factions of Chinese would object to embracing the whole of China's principal seaport within the authority of foreign concessions under the euphemism of "neutralization." To realize the project would require the backing of important governments.

The British government, under criticism at home and in China for despatching troops to Shanghai, was obviously inhibited from advancing the proposal. Japan would not do it. The American government did. It was a foregone conclusion that Chinese would receive it coldly. Except to arouse suspicion about the American government's policy, the proposal served only to draw attention in America and elsewhere to a local condition and perhaps to give preparation for what was to come.

For some time before the collapse of northern military defense in the Shanghai region, and before Cantonese troops were near that city, it was an open secret there that the approach of southern forces would cause immediate extension of the Settlement's defensive lines outside its boundaries. Construction of barbed-wire obstructions outside the Settlement was commenced quietly and without official announcement by the middle of February, as soon as it was known that Sun Chuan-fang, who worked hand in glove with the foreign authorities, had been driven from Hangchow. On February 25 about 2000 British regular troops moved out of the Settlement and occupied "prearranged" defense lines. Up to then the move had waited on diplomatic consent, which had not come; but the falling inside the concessions on February 22 of a number of shells fired by a Chinese gunboat provided an occasion that was seized immediately. An "international" character was given to the move by the participation of some Italian marines landed from a warship. Private



efforts to get American, Japanese, French, and other forces which were then on the scene to join in the movement failed. American naval forces confined their actions to the limits of the International Settlement. The French authorities refused to extend the defenses of their concession beyond its limits.

That neutralization proposal, with subsequent military action of other powers, caused wonder whether the American government had given approval then to a forcible occupation of Chinese territory. At that time well-informed people at Shanghai believed that the "defensive line" of the concessions would be extended to take in the whole port area, embracing some 250 square miles. That was a matured project of the government of the International Settlement.

Since early in 1927 the foreign concessions at Shanghai and at other places have resembled armed camps. Residents were subjected to "curfew" rules for prolonged periods. The Shanghai concessions were impeded for months with barbed-wire tangles at the intersections of important streets. Traffic was permitted to pass only at certain points, causing congestion and delay. After a while there was a feeling that those precautions were overdone and that a state of panic was deliberately created in order to influence international policy. Two kinds of opinion formed. One opinion said: "If the troops had not been here there would have been a massacre of foreigners." The Nanking incident gave a color of plausibility to that argument. But those extraordinary precautions at Shanghai, and the occupation of Chinese territory outside the concessions, were effected before the Nanking incident occurred. Another opinion said: "The extraordinary precautions alarm people, excite the Chinese, and create an atmosphere likely to inflame anti-foreignism and to foment trouble. The usual forces and the usual measures would



have sufficed." Those opinions cannot be reconciled. Neither can they ever be proven either way.

Foreign residents find those conditions, which are the outcome of holding the old treaty status of the concessions in the face of the new Chinese psychology, increasingly irksome. Nearly all able-bodied foreign men not otherwise indispensable are mobilized, or kept on the alert, for police and military duty, while their business, if any, takes cares of itself. Trade is stagnant. Many foreigners are winding up their affairs preparatory to leaving China; many have gone already. If nothing is done to ease the situation, the foreigners who remain may expect to have applied to them the policy of non-coöperation by the Chinese, and the "economic weapon" used so effectively against Hongkong, strikes, boycott, withdrawal of services, and limitation of all relations. Foreigners can live there under those conditions, as long as home governments provide troops to protect them; but they will be uncomfortable.

Some foreigners profit by that situation. There are interests controlling land and houses in the concessions that have made fortunes. Two conditions are helpful to those interests. One is disorder in China that urges Chinese to collect their portable wealth and take refuge at Shanghai, where they purchase, if they have the means, homes at high prices, and, if they are poor, pay exorbitant rents for places to live. Rents and food prices rise steadily. Another condition that benefits profiteers is to have military protection for the settlements. In 1927 those conditions existed in almost ideal form. Incidentally, those interests which desire to continue such a status influence strongly, if indeed they do not dominate, the municipal administrations of the foreign concessions.

Signs of revolt appear at times. Chinese rate-payers have protested at the imposition of higher taxes in the Set-



tlement while they remain unrepresented in its government, and they have demanded a rent moratorium during times of "emergency." Many foreigners also feel that indefinite prolongation of the situation is intolerable and are beginning to turn toward reformation as the only sure way out of the difficulty. But foreign standpattism and its entrenched interests will fight reform as long as any hope of holding their power and privileges remains.



# GET OUT OR GET IN?

VANISHING TREATIES  
DO CHINESE WANT INTERVENTION?

TRANSPOSITION  
MENACE OF FORCE

ELIMINATION

“STRONG MAN” THESIS

VALUES AND COSTS

WILL AMERICA JOIN—AND PAY?



## GET OUT OR GET IN?

### I

**W**HETHER the old China treaties are revised or not, they will not serve much longer. China will emerge from the crisis a really sovereign nation, or it will sink to complete subjection. In either case the old treaties will pass. If China's sovereignty cannot be revived, it will be replaced by an alien dictatorship operating, probably, under the auspices of one or several foreign powers.

Speaking at Shanghai in 1926, Mr. L. A. Lyall, former commissioner of customs, quoted Sir Robert Hart as having said to him twenty-five years ago that the entire lot of China's treaties with foreign powers ought to be abolished. Mr. Lyall concurred in that opinion and remarked that there should be "revision, lock, stock, and barrel." He said further: "If any of the treaties work today, it is not on account of the wisdom of those who drew them up, but is solely because of the great desire for compromise on the part of the Anglo-Saxon peoples and the Chinese."

The desire for compromise is weakening among Chinese political leaders. The progressive party, Kuomintang, has adopted a new slogan about treaty revision. It declares that the treaties must and shall be "altered." Revision is too slow a process to suit the nationalists. Their formula for "altering" the treaties is simple. If, and when, the National government gets control of the country, or the larger part, it thinks to establish itself in a new capital and assume authority as a revolutionary government de facto, and as a revolutionary government it will start all



over again in its relations with foreign nations. In other words, it will not recognize the existence of treaties made by any pre-revolution government in China.

That sounds like planning a plunge into international confusion, but it is not that. The National government professes that it is willing to carry on with "friendly" foreign powers under a *modus vivendi* based on the old treaties, or, as Eugen Chen remarked, on "established relationships." That is, enough of existing relationships and institutions will be allowed to stand to serve until new treaties can be made. In negotiating new treaties, and in carrying on with a practical *modus vivendi*, the National government intends, so its leaders say, to begin by refusing to recognize that time-honored fiction, the "Concert of the Powers." It will deal with each power separately. Kuomintang's theory is that China's revolutionary government, if it becomes a reality, will emerge into the family of nations newborn, free in all ways to decide what its relations with other nations will be henceforth. It will take the position that the old treaties died with the defunct China governments which made them. That doctrine is obviously taken from revolutionary Russia.

In making new treaties, advanced nationalists will look askance at another time-honored treaty principle, so they say. That is "most favored nation" treatment. If the nationalist régime does become a recognized government in a revolutionary China, only those nations which meet the change in a friendly spirit will get favored treatment in new treaties that are made. Nations which hang back, and which take what the nationalists conceive to be an unsympathetic or unfriendly attitude toward their government, will get from them the reverse of "most favored" treatment. Abrogation of foreign privilege in China is the essence of the nationalist program.

The northern party are as decided to revise the treaties



as the Kuomintang are, but their procedure would probably be different.

## II

SELDOM DOES a month pass without assurance from a respectable quarter that none of the powers has any thought of intervening in China. Seldom does a month pass without action by foreign diplomats and military officers in China that is tantamount to intervention.

One might quote resolutions of the powers at Washington in 1922 whereby they declared their purpose to remove restrictions of China's sovereignty embodied in existing treaties and not to interfere with the Chinese revolution. One might quote the old treaties to find warrant for interference by the powers now. The Chinese may argue that the Washington resolutions are the latest and therefore the governing mandate. Governments of the powers may say that those Washington resolutions were conditional.

Written statutes concerning China are of little moment now. The old China treaties, in practical effect, are about three-fourths nullified. Resolutions are only an expression of attitudes and intentions and are subject to change. Neither the treaties nor the resolutions as such will determine the policy of the powers toward China hereafter. So far as one can see now, there is no sincere purpose in any Chinese political group to respect the treaties, and no purpose of any foreign power to enforce them literally.

But while people in America, Japan, Great Britain, and Europe are being told officially and otherwise that there will be no intervention in China, some officials of those governments in China believe intervention to be the right solution of the problem, and powerful interests work steadily and hopefully to bring it about. The "drive" for intervention has emerged from its camouflages and is gathering force.



## III

PEOPLE WHO want intervention in China are a small minority in comparison with those who seem opposed to it, but it should be remembered that much of the opposition is really indifference and inertia, and much of it is sentimentalism, while those who favor it are actuated by strong convictions and selfish interest. In politics strong convictions and selfish interest frequently, even usually, take precedence over sentimentalism, indifference, and inertia. It is interesting, therefore, to discover who wants intervention in China.

Not long since, Mr. E. S. Little, an English merchant who has lived many years in China and has been noted for sympathy with Chinese aspirations (he was first to propose at a Shanghai rate-payers' meeting that Chinese be elected to the municipal council), sent an open letter to the leading British newspaper at Shanghai in which, after reciting some of China's woes and the misery of the people under misrule, he made the positive statement that a majority of Chinese would welcome foreign intervention and that most educated Chinese believe that is the only way to extricate their country from chaos and to prevent a Bolshevik régime. Such a statement did not pass unchallenged. But Mr. Little's letter raised an interesting query: Do any considerable number of Chinese want foreign intervention?

In seeking an answer to that question it is necessary to divide the Chinese arbitrarily into two grand divisions—those with some degree of modern political education and intelligence, and those without that enlightenment. Probably 95 per cent. of the population of China are in political darkness. Nearly all of those are illiterate, and they have hazy ideas about even the government of their



native provinces. It is that class of Chinese who, Mr. Little said, are "praying" for intervention.

One cannot doubt that the Chinese are sick of conditions which have obtained since the revolution commenced. They are weary of having their farms devastated and their villages and towns looted by soldier semi-bandits, and of continuous levies of money and supplies by the tuchuns and generals. All elements of the people, except the few who profit by that state of affairs, want the turmoil ended.

But whether, if it were so put to them, the submerged Chinese mass would want foreigners to assume the government of China is doubtful. I wonder if the Chinese mass even now see a definite connection between their troubles and their government. Chinese are used to bad government. From a western viewpoint they have rarely experienced any other kind. It is doubtful whether they are capable now of seeing and believing that a foreign régime in their country would improve conditions for them. Comparatively few Chinese are able from experience and observation to contrast the better governments of western nations, and of Japan, and of the foreign residential areas in China, with the bad native governments of their land.

Foreigners assert that the Chinese want foreigners to take over for a while the government of China, but that is something of which there is no tangible proof. That statement is founded on a theory that the Chinese reason as westerners might do in some circumstances. But is it believable that any western people would prefer a foreign to a native government on the promise, by foreigners, of administrative improvement? Those Chinese who were educated abroad and who comprehend the working of western governments are the strongest opponents of intervention.

The lesser class of Chinese is composed of educated and



half-educated persons: college graduates, merchants, the section who in some countries are termed bourgeoisie, including officials who survive the mandarinat. What those Chinese think of foreign intervention is sometimes as hard to learn as what the mass thinks. I have asked many of them, and, except for members of active political groups, they often evade the question. Some will admit privately, if pressed, that it might be a good thing if an enlightened and non-predatory power like the United States were to administer for a few years a benevolent stewardship of China, allowing time for the new generation to get a grip on things, and meanwhile putting a stop to the whirl of militaristic rotation. Chinese of that opinion will usually be found to have property in foreign concessions or investments in foreign enterprises and consequently fear loss if the existing status is abolished. Also, Chinese political adventurers could not carry on so well except for the refuge and asylum which the foreign concessions afford now and then.

Foreign writers and observers can therefore find in China any kind of opinion about intervention that they may care to quote. Sentimentally and patriotically Chinese do not want it. But some of them have selfish reasons for favoring it. It happens that they are of the class that foreigners, and especially foreign merchants in China, meet frequently.

Against the views and the personal interests of that type of Chinese may be set the younger nationalists, many of whom were educated in America, England, and Europe, and a large percentage of whom have something of western learning. The psychosis of that class is expressed nowadays in the "recovery of national rights" movement, which is irreconcilable with any thesis that must logically begin by conceding that Chinese are incapable of governing their country now.



On the surface nothing is taking place to indicate a purpose or plan among Chinese political and military leaders of bringing about unification by peaceful means. A few years ago there was continuous discussion in the Chinese press and by all factions of Chinese politicians and militarists of the need of unifying the nation, and of their firm intention of accomplishing that. Lately none of them say much about unification. Formerly conferences were called (which never came to much) to accomplish unification. Lately it has been taken for granted that no one thinks unity by agreement feasible.

Some foreigners take that attitude of Chinese leaders to imply a wish for, or indifference to, foreign intervention. It indicates a degree of hopelessness which may mean assent to whatever the powers might do. Many foreigners in China believe that the progress of Bolshevism there is turning conservative Chinese toward intervention. Whether Chinese are seriously alarmed by the Bolshevik influence I do not know; they do not seem to be. But foreigners in China are alarmed about it, and perhaps the foreign press and propaganda have communicated the fear to some Chinese.

Chinese nationalists regard intervention as likely to convert China into another India under a joint instead of a single suzerainty. I believe the proportion of Chinese who want intervention is no greater than the proportion of Americans who would vote now to have our nation return to British sovereignty.

#### IV

IN THE LAST twenty years there has been a transposition of factors affecting the question of intervention in China. Before the World War it was a camouflage for territorial designs of foreign powers. In that period, as it was conceived within the chancelleries, intervention was



a prelude to partition of China under the terms of private inter-power agreements. Results of the World War took the vitality out of those agreements, and they were rescinded at the Washington conference.

It is interesting to recall, now, that during the period when governments were the protagonists of intervention, the elements which now favor it were lukewarm or in opposition. Elements that want intervention now and are working actively to bring it on are foreign commercial and financial interests, mostly British and American. Formerly British interests in China were unsympathetic to a partition of China, because they were established and well entrenched and calculated that they would fare better within a unified China under the "open door" than in a "sphere" allotted to Great Britain. American business interests in China, the United States being outside the ring of private agreements and having no "sphere," were opposed to partition then and to any moves in that direction. Foreign commercial and vested interests did not then expect a serious attack on their privileged position from any quarter. Repeal of the treaties was thought to be far in the future. The swift and in some respects amazing development of Chinese nationalism was not foreseen.



EFFECTS OF INTERVENTION, or a dictatorship, of foreign powers on the economic position of foreigners in China cannot be calculated exactly. Individual foreigners whose property values and occupations are entrenched in and depend on continuation of the old status think intervention will help them. Those interests are established, and they have the usual conservative fear of any change. They take with all sincerity the position that it is the prerogative of the powers to decide what is to be done about treaty revision.



How that position appears to Chinese nationalists can be shown by a comparison. Can one imagine the American people willingly permitting a foreign nation to dictate how and when a treaty affecting the internal affairs and sovereign rights of the United States should be changed? In such a case the United States will change or abrogate a treaty on its own motion, with the consent and agreement of other governments if possible, but without their consent if that is the only way. The manner of altering the status of Japanese immigration is an example of that. If one put the foregoing collocation to the average foreign business man in China, he would probably say: "That is ridiculous. China is not on an equal footing with a power like the United States."

What does that kind of talk mean? It means very simply that in the case of the United States other nations have not the physical power to assert and enforce a dictatorial attitude, while in the case of China it is assumed that she is too weak to resist whatever the powers want to do there. In other words, China must yield about certain matters, not because that is right (although sometimes it is right), but because she has not the physical power to take an independent course. The old treaties do not rest now on any genuine consent of the Chinese or of what passes for their government. They hold on because, presumably, they are backed by outside physical force. A corollary of that condition is obviously, unless the outside force be used if occasion require, that to shake the big stick is a foolish gesture.

One may pursue that thought a little further and wonder if the use or the menace of physical force to impose treaties on unwilling nations is profitable. No doubt France and Great Britain could bully Belgium or Holland into signing an unpalatable treaty. But would it im-



prove international relations and commerce for those powers to do that?

China is menaced now in order to uphold treaties most of which the Chinese signed under duress and all of which they signed when conditions were very different from what they are now. It is silly to say that China is not menaced in this matter. What do utterances from the foreign capitals that China must do so and so before there can be treaty revision mean unless physical force is behind them? Why are foreign troops in China? Without the presence and the menace of those symbols of force, "strong" diplomatic notes to China are empty words, because, for all that unmilitary foreigners in China could do, every treaty on the list continues only on the sufferance of the Chinese.

I do not think it is sufficient, as many people suppose, to argue and perhaps to prove that in many respects the Chinese are in the wrong concerning these issues, and that foreigners can give a better government to China than the Chinese are able to, and that foreigners know better than Chinese what is good for China. I have hardly any doubt that Japan could govern China for the next twenty-five years better than Chinese are likely to govern their country. But should the government of China be given to Japan on that ground? Many people think that the Japanese were right in the controversy with the American government about the immigration question, but few would contend, even if the Japanese were entirely right on that point, that Japan had a right to decide what America shall do in the matter of controlling the composition of our population.

Those foreigners in China who feel and resent the steady elimination of them in business and professional occupations by the Chinese may think that intervention would check or stop that process. But the process is



economic, and it will continue, I believe, under any form of government. If, as some contend, intervention should improve the condition of Chinese, to the extent it did that it would add to the power of the silent and inescapable elimination of foreigners. It is doubtful if a foreign régime that would forbid education, suppress China's industrial development, deny participation in government to Chinese, and strive to keep them benighted, could change the course of that movement.

In the controversy caused by Chinese unilateral revisions of the import-duty schedules there is continual evidence of a conflict of the very foreign interests who protest. Tariff revision in China cuts many ways, as it does in every country; the raising or lowering of China's duties may be felt in Manchester or Pittsburgh more than it is felt in China. Then there are holders of the Chinese government's bonds secured on the maritime customs, and other creditors of that almost defunct régime. Foreign creditors of China are willing, even anxious, to have the import duties raised if they will be paid sooner. But some foreign interests do not want import duties raised because of the effect of that on the market for their products in China. Some foreign interests object particularly to granting tariff autonomy to China, because with tariff autonomy the Chinese may want to impose a protective tariff and foster similar industries of their own. Foreign interests therefore pull two ways on that question. One set want higher duties to be able to collect debts and to assure payment of interest and principal on bonds, and another set want lower duties to help the sale of foreign products in China.

Even those foreign interests that do not want China to have tariff autonomy and who want to keep the maritime duties down have two horns to their dilemma. They would like to keep the import schedules low, and they are



anxious to get likin abolished. Chinese, if they want to, can use likin (domestic transport taxes) against foreign commodities in a way to offset any advantages to those commodities from low maritime customs rates. That has been happening for some time. Foreign manufacturers who want to prevent upward maritime tariff revision, and tariff autonomy, and want to get likin abolished, are in a quandary. Every time a regional government in China revises upward, in its district, the maritime import duties (as happens every few months) regardless of the treaties, there is an outburst of protest by foreign importers. No more of an outburst, and with no greater validity, than similar outcries whenever a government in Europe, or the United States, makes a customs ruling that is to the disadvantage of importers and exporters. When, in the summer of 1927, the National government, which then had authority at the port of Shanghai, tried to put a new import tariff into effect, with "luxury" taxes on liquor and tobacco as high as 50 per cent. instead of the conventional treaty rate of 5 per cent., some treaty powers ordered their nationals to pay the extra duties into their consulates, which will hold the money until the matter is liquidated. That action will not have much effect on consumption of foreign products in China, for once those commodities have entered the country and their distribution commences, they come within reach of likin and other impositions and where consular officials cannot help or hinder them.

In the realm of pure economics one finds there the same rules and principles that operate elsewhere in the world, and much the same motives and interests. It is easy to understand how Chinese may feel, if they want to raise or lower an import duty or put a transit tax on certain products, if they are told that before it can be done, a number of large and small foreign governments must



consent. The growing cotton-mill industry in China might want the government to put a higher import duty on foreign-made cotton cloths and yarns to enable China's own industry to get on its feet; yet, as things are, Osaka and Manchester and New England may have more influence on that point than Chinese have. Is it to be assumed that Chinese will remain satisfied with this condition forever? There is only one basis for that assumption: that the Chinese nation is doomed to fall completely and permanently under foreign dominion.

There is always the weapon of the boycott, which can be directed against the products of any nation that offends the Chinese. No nation can force its products into China in the face of antagonism of Chinese consumers. If the Chinese want to make it unprofitable for any set of foreigners in China, or to drive any of them out of that country, they can do it, and garrisons of foreign troops there cannot prevent them. As between themselves and foreigners, Chinese will win in the long run in an economic attrition.

## VI

ONE WAY OF EXERTING foreign influence on the governmental structure of China, without openly intervening, is backing a “strong man”; that is, picking from among the militarists one who seems abler and more dependable than the others, and giving him military and financial support until he is established as a national dictator. For that support the beneficiary of course is expected, after he obtains power, to do whatever was agreed on.

The most recent example on a large scale of trying by outside pressure and direction to effect an internal reorganization of a nation is Russia. In years following the Russian revolution of 1917, until the Russians became strong enough to make the practice dangerous, the principal military powers, including for a while the United



States, meddled and muddled with what they amusingly called coöperation, but what was diverse in objects and incentives, in and around Russia, trying to get a government there that would do what the outside powers wanted. Those efforts failed conspicuously. The net result was to help alienate Russia from the comity of nations. There is a possibility that an interfering policy of the powers toward China will have a similar result.

The last few years have seen the rise and fall of a number of "strong men" among Chinese militarists. Strong men, like other mortals, have their ups and downs. If a strong man could be depended on to stay strong, the thesis would work better. And no way has been found to make sure that strong men, once they are firmly in power, will go through with bargains they made to get outside support. Take Chang Tso-lin or any other. For some time Chang has been the outstanding "strong man" among Chinese militarists, and in China one often hears foreigners say: "The powers should get together and back Chang Tso-lin. He could straighten things out." At different times they said the same of Yuan Shih K'ai, Wu Pei-fu, Feng Yu-hsiang, Chiang Kai-Shek, and some others.

Aside from the difficulty of the powers' getting together on that proposition, and the difficulty of adjusting the complex and often conflicting political and commercial interests of the powers in conditions exacted for their support of a candidate (to say nothing of the agreement made at Washington in 1922 not to do such a thing), I believe that once Chang Tso-lin or another militarist was the undisputed dictator of China he would wipe the old treaties off the slate and end the special privileges of foreigners. Any able Chinese politician would do that because he would not long remain dictator otherwise, except with the support of foreign troops. The surest and quickest way to destroy the popularity and influence of a



Chinese militarist or politician in these times is to give him visible foreign support. Governments know that, and when, because of particular interest in the ascendancy of this or that Chinese militarist or party, they take a hand in the game, it is done surreptitiously.

## VII

IF FOR ANY REASON the powers decide to intervene in China it is probable that, of several plans which have been prepared, the most tentative and harmless-looking will be used first. There will be partial intervention; then, when its inadequacy appears, a complete intervention will be made step by step. To do things that way is the nature of governments. Especially when embarking on a dubious and unpopular project they move cautiously, pretending (and perhaps thinking) that the need to go further will not arise. Once committed to an undertaking, governments can summon pride and patriotism to support a policy of going through with it.

The possibility of intervention has been contemplated for years, and military experts of the interested powers have made plans and estimates to meet the occasion. Military experts, when they make a plan, do not figure on going halfway; they consider what is to be done and calculate on going all the way. It is of little ultimate use to intervene for the purpose of making a stable and responsible nation out of China unless, before the powers withdraw, such a government is set up there and provided with the means to carry on. That can hardly be done in less than ten years; in fact, under existing conditions ten years is a short time to bring order out of confusion. It would not be logical to withdraw foreign troops until a native government that could be depended on to keep order and fulfill its international obligations was established. Without accomplishing that, intervention would



be futile, unless it took a predatory turn. As to what in those conditions is a stable government, experience has often shown that native governments set up by foreign authority and policed by foreign troops will fall soon after that support is withdrawn. Such governments are never popular with the people of those countries, who usually take the first chance to kick them out.

There is a form of intervention that would merely seize and garrison with foreign troops the principal ports of China and stay there until the Chinese come to terms. Intervention of that character is less costly than complete intervention with a constructive purpose. I do not recall a case in modern times when united intervention accomplished anything permanently constructive or worked toward the internal reorganization of a nation, except when by the rousing of their national spirit a people are stimulated to expel the invaders. Turkey is a recent example of that. Russia is another.

Military experts figure that it will require 200,000 to 300,000 foreign troops to police an effective and constructive intervention in China. Some experts put the number needed at 500,000; 300,000 is an average estimate. There are about 75,000 foreign armed and naval forces in China as I write this. If so many are needed when the powers, so they say, are not intervening, how many more are needed for a real intervention? I have heard foreigners in China say that one division of foreign troops are enough to put down the Chinese militarists, disperse the Chinese armies (which aggregate about 1,500,000 soldiers), and make the country tranquil. I have heard the same persons argue that foreign forces in China now are not enough to protect the foreign residential areas on or near the seacoast. I have heard foreign advocates of intervention who stand to lose or make fortunes in Shanghai real estate declare that Chinese participation with



foreigners in government of the concessions would impair values, and that to have full Chinese administration would destroy values. And I have heard the same persons, in order to forestall a drop in valuations and rents, say that values will hold up and increase in any event. The aim of interventionists is obviously to bring it on by representing that few troops can do the job. But military men, realizing the extent of the country and remembering the difficulty of putting down native resistance in the Philippines and other places, calculate accordingly. The American quota of troops for effective intervention is put at 100,000.

It should be understood that no foreign intervention in China now can possibly have a friendly character to the Chinese. Such action will be taken as aggression and resented as that. It will drive Chinese to Russia or elsewhere for sympathy and support.

It is assumed that costs of intervention would be charged to China and that the powers would retain control of her revenues until the debt was discharged or until a satisfactory method of liquidating it was arranged. That would probably take thirty to forty years, and meantime China would be in fiscal bondage to foreign nations—a state, in these times, almost equivalent to political bondage. China's condition in those circumstances is not properly comparable to the alleged "bondage" of some countries in Europe to America because of the war debts. Force will not be used to collect those war debts. And if the same principle that is applied to European debtors in the case of war debts to America were applied to China now, there would be no talk of using force to make China's foreign indebtedness good or to protect foreign property there, and one of the arguments for intervention would fall to the ground.

Intervention would need in the early stages to be



financed abroad, and analysis indicates that it would be financed in the United States, or, in other words, by the American people. This might happen whether the American government participated or not. Assume that Great Britain, Japan, France, and Italy jointly intervene in China. None of those governments is prepared now to finance a prolonged occupation and perhaps a war, for it might grow into that. They would have to borrow, or by indirection use for that purpose funds previously and hereafter obtained by foreign credits. Those governments might float loans in America presumably for productive purposes at home, but by financing home enterprises by American loans an equal amount of capital in those countries could be released for use in China. It might happen that credits for supplies and munitions would be sought from manufacturers and financiers in America, and they might be granted unless the American government interposed. By that process it would be possible for an intervention in China that was highly objectionable to the American government and deemed subversive of our policy there to be financed chiefly in America. In that event whatever measures were eventually taken to extract repayment of that money from China would be in the interest of and to "protect" American investors. Or Americans might be asked to forgive the debt.

The foregoing ratiocination indicates the influence which the American government can apply to the governments of some powers that would logically be the interveners in China if it came to that. The situation has this aspect to the Chinese: If powers which are believed to be opposed to treaty revision should succeed in getting the United States to shelve or abandon the Hay Doctrine and to aid them in putting pressure on China, the Chinese would then understand that the policy of coercion is formidable and that intervention is a possibility. But if



America is firm against intervention or any form of coercion applied to China, Chinese national leaders think that other powers will not undertake a coercive policy without America, for in that case the political risks have different proportions and the prospective fruits of intervention might not be worth the risks. It is understood by Chinese leaders that decision of this question rests in a large degree with the United States. It follows, then, that if force is used Chinese intelligentsia will put part of the blame on America. That psychology is evident, and it will not satisfy Chinese to say that in the circumstances the American government was induced by its international partners or was compelled by its obligations to them so to act.

#### VIII

ONE MUST STATE as a pertinent part of the argument that if intervention again becomes an active question, the Chinese will be primarily responsible. There will be no occasion and no reasonable excuse for interference unless Chinese create or give countenance to them.

Foreigners and foreign governments have contributed to the confusion in China, but they did not cause it. A fair degree of political ability coupled with true and abnegating patriotism of the Chinese national leaders would have brought the country through the reformation in passable shape and would have made it impossible for the powers to deny their aspirations. It is important for friends of China abroad to understand that, and it is more important for the Chinese intelligentsia to realize it.

Unfortunately the prospect is that events in China for years to come will provide occasions and excuses for intervention which will be exploited by those desiring that outcome. The Chinese are apparently far from reaching stability in their government. Their psychosis is anti-foreign, and that, with other disorderly influences, may



cause mobs to attack foreigners again and again. There will be a steady process of treaty annulment, with accompanying irritations, unless it is forestalled by revision. The situation is inflammable. If circumstances, or secret policy, lead any power to decide to regard the Washington agreements as a dead letter, it can force the issue. The situation is more intransigent than it was at any time since the Hay Doctrine checked territorial dismemberment of that vast hegemony.



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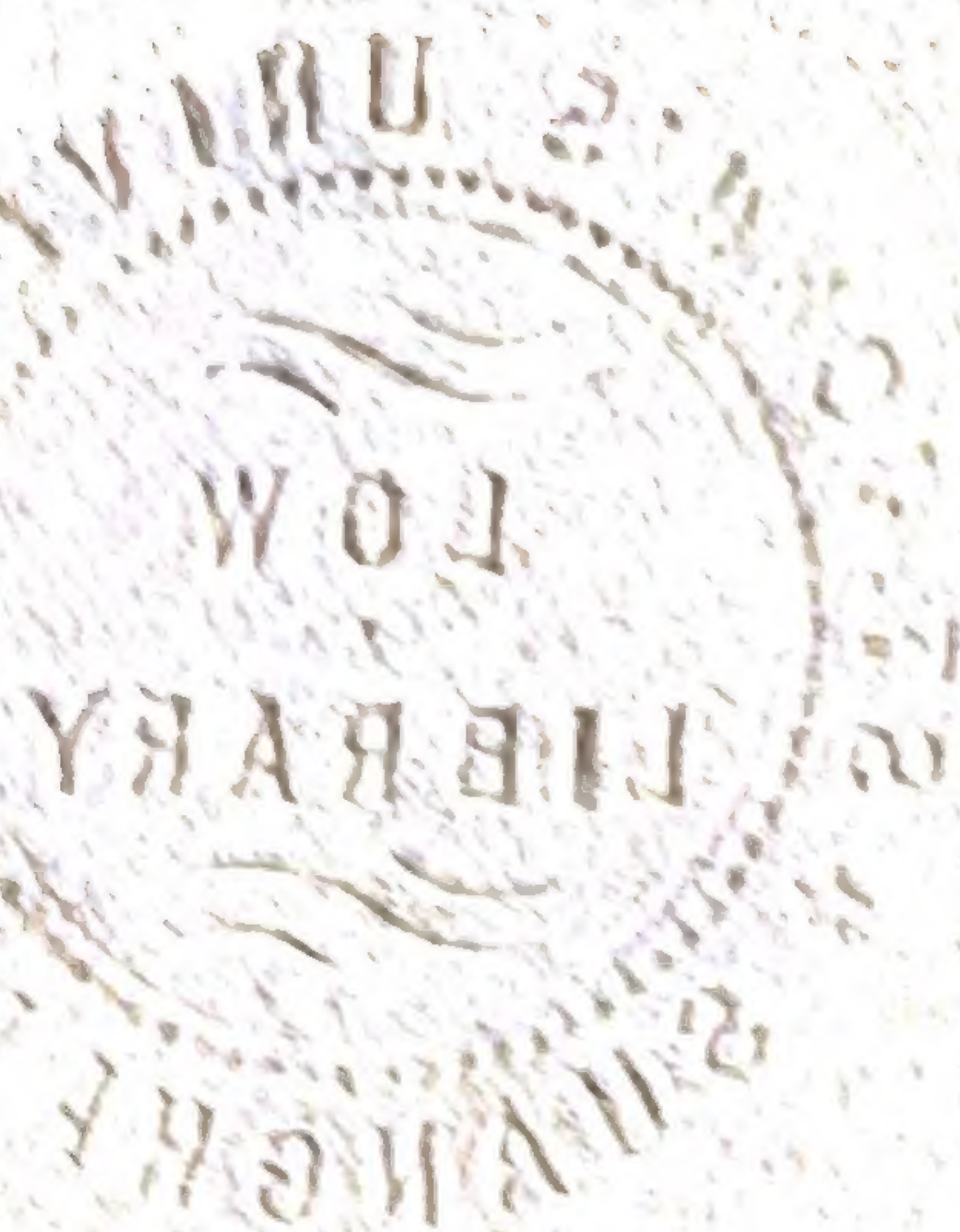


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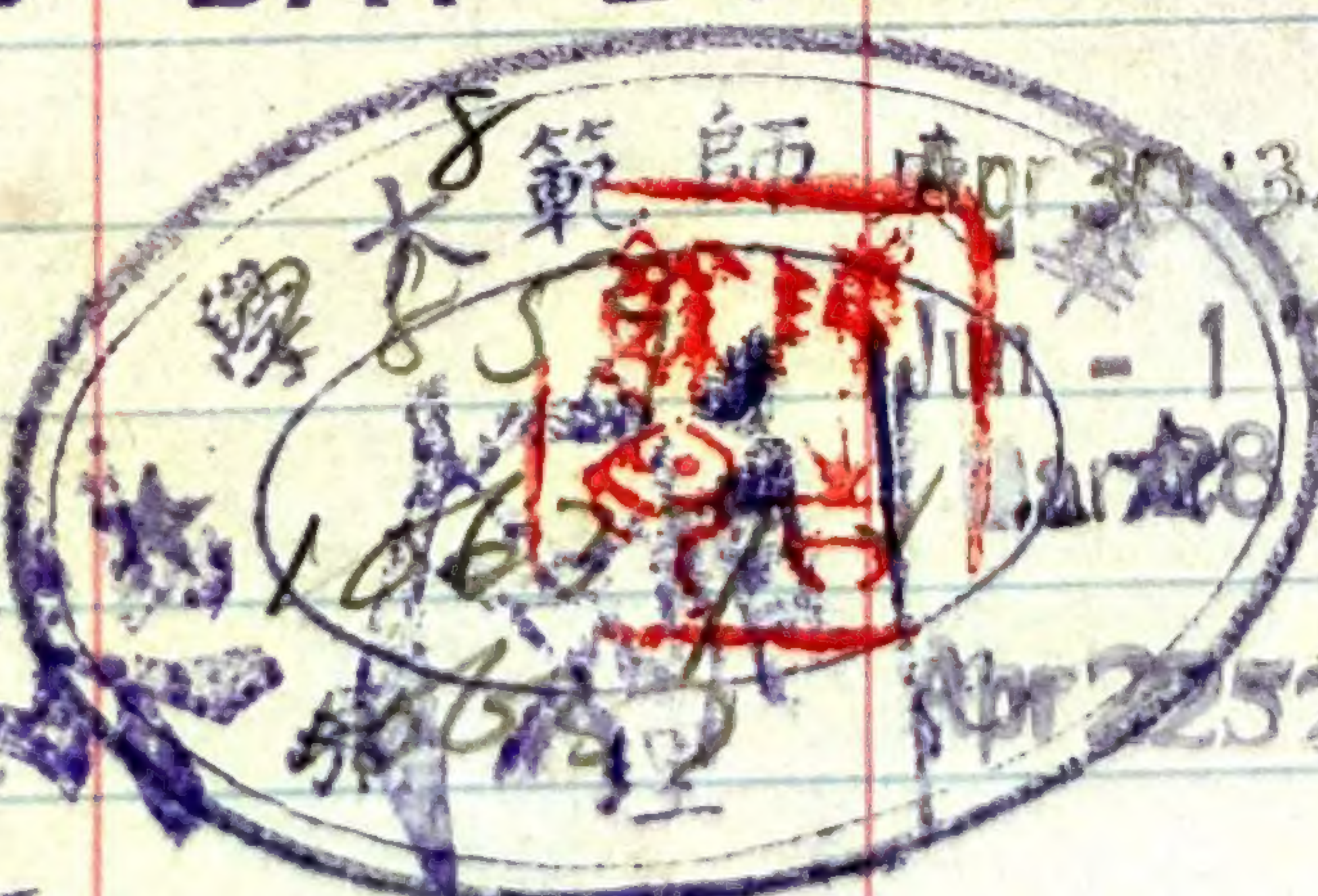
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